The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917.

What Are China's Losses And Who Will Pay the Bill?

SPECIAL SUPPLEMENT DEALING WITH WAR DESTRUCTION INCLUDED WITH THIS ISSUE

Increase in Opium, Morphine, Heroin Traffic
Refusal to Permit Missionaries to Return to Posts
Foreign Loan Propaganda on Wholesale Lines!
Japanese Army Makes Plans for Another "Litter of Puppets"
China's Interest in Recent International Developments
Centralized Control Established Over Foreign Exchange
Hitler Grabs Austria in Bold Coup Which Leaves Europe Gasping
Outstanding Events in the Sino-Japanese War
Japan Would Seize Kamchatka in "Self-Defense"
American Attitude Towards Sino-Japanese Hostilities
Discussed by Foreign Policy Association . . . By George Kao

EDITOR'S NOTE—Several hundred copies of this issue of *The China Weekly Review*, including the Supplement dealing with "Destruction in China" were abstracted from the Chinese Government Post Office at Shanghai by Japanese military censors. Chinese postal officials, apparently due to Japanese intimidation, failed to notify us of the seizure. The first reports we had of the seizure were in the form of complaints from subscribers, chiefly those residing in America and Europe. We have now reprinted the entire edition in order that those who failed to receive copies may have their files completed. A perusal of the contents of this issue will show why the Japanese military authorities desired to have it suppressed!

SATURDAY, MARCH 19, 1938 VOLUME 84, NUMBER 3

THIRTY CENTS A COPY
(In Shanghai)
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"OPEN THE DOOR, JOHN!"

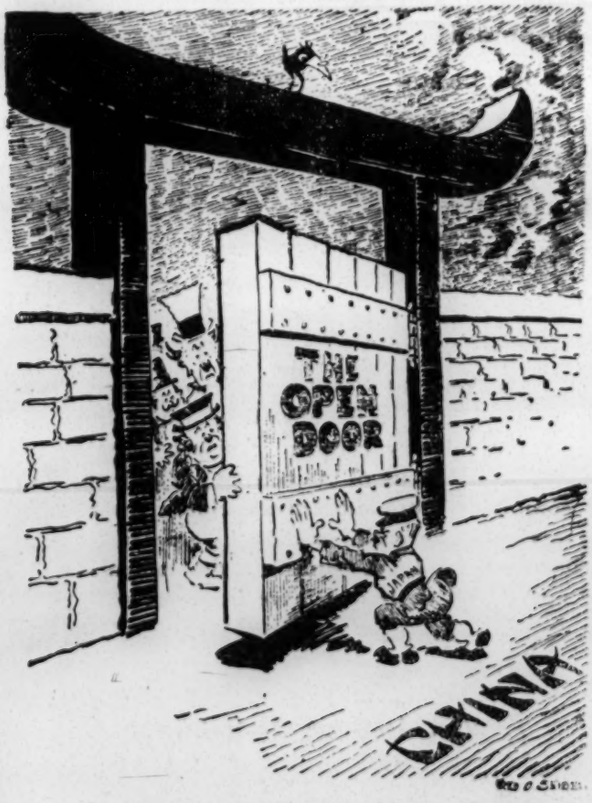
New York Daily Mirror

"England expects every American to do his duty."

STILL OPEN—SLIGHTLY!

Morris in the Jersey Journal

Slowly But Surely



—Seibel in the Richmond Times-Dispatch

With apologies to Edgar Allen Poe, American poet and novelist (1809-1849)

NEW FACE IN CUSTOMS HOUSE

Birmingham (Eng.) Mail

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

BY AIR-MAIL—TO HANKOW AND ELSEWHERE IN CENTRAL, WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $28 A YEAR OR $15 FOR A HALF-YEAR.

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CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

INCREASE IN OPIUM, MORPHINE AND HEROIN TRAFFIC

THE fear expressed in a recent police report of the International Settlement that the Sino-Japanese hostilities would cause a general resumption of traffic in narcotics, has been well founded. Recent seizures of morphine and heroin in the possession of Koreans have indicated, in the opinion of the police, that dealings between Korean dope pedlars and Chinese gangsters have been resumed. Also, there have been recent large seizures of opium, one valued at $300,000, which have indicated an alarming increase in dope traffic.

But of more sinister import was the recent report from Peiping stating that the new Provisional Government, headed by the renegade Wang Ke-ming, had released more than 300 drug addicts who had been imprisoned by the Nationalist Government, and the reported decision of the new regime to abolish practically all of the drastic restrictions which were enforced by the preceding administration. The *United Press* correspondent in Peiping quoted a government spokesman as stating that "drug addicts are not very harmful to society." The drastic regulations, including capital punishment enforced by the National Government, up to the time of the Japanese occupation, had been necessary to prevent Chinese gangsters and racketeers from cooperating with Japanese and Korean heroin manufacturers whom the Chinese were powerless to arrest and punish.

The *Shanghai Evening Post* reported the arrest of 12 drug smugglers who were found to be in possession of $287,000 worth of opium and another case where three men, just arrived from the Japanese port of Dairen, were found to be in possession of 12 pounds of opium valued at $2,500. A further case involved a woman who was arrested with 9 pounds of raw opium and 7½ pounds of caffein mixture in her possession. The *Post* also reported that the local puppet government, or "Ta-Tao" administration in the Pootung section, was issuing licenses to drug addicts at prices ranging from 60 cents to $5.00.

These licenses exempted holders from arrest in the event they were found to have opium in their possession.

Then there was the report from Japanese sources (*Domei*, March 9) telling of the deportation from Shanghai to Japan of a Japanese heroin addict named Shinoda Ishizaki, 32 years of age, who had served for a considerable time on the municipal police force. This report caused considerable commotion in Japanese circles in that it indicated that Japanese dealers in heroin were beginning to find customers within the Japanese community.

At the last meeting of the League Opium Committee at Geneva in January there were strong allegations that Japanese military commanders in China were promoting not only the production but especially the sale of opium in order to demoralize the Chinese civil population." Indisputable statistics were produced showing that in the city of Tsinan, capital of Shantung, there were 5,000 Japanese agents of opium and morphine houses in Tientsin and Manchukuo, who were distributing narcotics throughout the province. This was one of the charges, in addition to disobedience to military orders, that led to the execution of Gen. Han Fu-chu, former governor of Shantung.

A. Morgan Young, for many years editor of the liberal British paper, *Japan Chronicle*, published at Kobe, recently contributed the following article on the subject of Japanese participation in the narcotic trade, to the London *New Statesman and Nation:*

"WHEREVER the Japanese Army goes, morphia and cocaine follow. They may be regarded as aids to pacification; they are certainly esteemed as producers of revenue. It is a subject that has never received the attention in England that it deserves. When the Opium Committee of the League of Nations meets at Geneva, there are sometimes awkward questions which greatly astonish the Japanese delegate, who promises to make inquires and assures the Committee that there is nothing nearer the heart of his Government than the suppression of the drug traffic. But, alas! his Government finds it as difficult to trace the traffickers in drugs as to discover the shooters of ambassadors. An occasional stoker or steward is caught with the goods on him and sent to prison for a short term, but the bigger men never seem to get caught.

"At one of these Geneva meetings, Mr. Sugimura Yataro frankly confessed that the evidence was damning, but promised that something should be done. 'We are a nation of Samurai; with us honor is more important than anything else,' quoth he. But honor, after all, was not so important as revenue; and the trade has gone on increasing.

"In the twenty miles between Osaka and Kyoto alone the present writer has counted more than a hundred fields glorious with great white opium poppies; but the chief places of production are now Korea and Formosa. In Formosa coca is also grown and cocaine manufactured.

"It is only natural that this trade should be associated with corruption. The Dairen Opium Monopoly has been the center of repeated scandals, in which men of eminence are involved but never punished. Mr. Hoshi, a manufacturing chemist who had a high idea of the value of his services to the State as the first manufacturer of alkaloids on a commercial scale, was fined a million yen for irregularities in his opium imports, but was excused the fine on appeal. In ports where Japanese, on the grounds of the importance of Japanese interests, have managed to get into the Customs service, it has always been easy to contrive the illicit import of drugs from Japan.

"It would be exaggerating the case, perhaps, to describe morphia as a major factor in Japan's China Policy, but it is unquestionably an important one. When Manchukuo was created, there was some doubt as to whether Jehol should be included, and it was notable that, for some time preceding the conquest of that Province, a campaign went on in the Japanese press, in which an excessive bitterness and scorn were expressed over 'the Opium Province.' The common charge was that its revenues were gained mainly by the growth of the opium poppy, and it was plain that this bitterness was due to a feeling that nobody but Japan had any right to make such profits.

"After the conquest of Jehol the Japanese followed the retreating troops into intramural China and throughout a large area made themselves masters of the land, with 'such garrisons as were needed for the protection of Japanese subjects.' As soon as the Japanese established their military posts in the summer of 1933, a swarm of Japanese and Korea drug sellers came in and began their work of poisoning the populace. If any local Chinese official interfered with them, he was promptly removed. There was even a technique for removing him, for one of the Japanese requirements when they established themselves was that Chinese officials who were anti-Japanese or otherwise obnoxious should be removed.

"In 1935 Miss Muriel Lester made an investigation of this inquiry, and went to see Mr. Kawagoe (then Consul-General at Tientsin and later Ambassador to China) about it. Mr. Kawagoe gave an excellent example of the Japanese method of sizing up his interviewer and giving a reply calculated to please. Very impressively he told this well-known evangelist that what the people needed to save them from such bad habits was *more religion!*

"It is now the experience of twenty-five years that wherever Japanese influence extends in China, so does Chinese drug-addiction and, where Japanese military dominance exists, the trade is unrestricted. It is a not unimportant point that the enormous profits accruing are not mentioned in any official documents. Morphia, heroin and cocaine are truly an 'invisible export,' and one needs to be extremely ingenuous to suppose that active military support is given to a lot of Japanese and Korean rapscallions merely because they are Japanese. Perhaps our ideas, gathered from official statistics, that Japan's military resources are financially straitened do less than justice to the business ability of Far-Eastern military genius."

REFUSAL TO PERMIT MISSIONARIES TO RETURN TO POSTS

THE Japanese do not yet seem to understand that while cities and villages located at interior and isolated places in China may be highly dangerous for Japanese, that these same towns and villages may, on the other hand, be entirely safe for American missionaries.

The failure of the Japanese military authorities to comprehend this important point in dealings with the Chinese people, was responsible for the presentation to the American Consul-General, Clarence E. Gauss, this week, of a petition requesting U. S. diplomatic action on the issue. The presentation of the petition, signed by representatives of 10 leading missionary organizations, including the Salvation Army, had the effect of bringing the question to public notice. Previously it had been held confidential due to a feeling on the part of the missionaries that diplomatic pressure might cause the Japanese to retaliate.

The petition, according to local newspaper reports, will be forwarded to Washington by Mr. Gauss and brought to the official attention of Secretary of State Cordell Hull. Church organiza-

tions in the United States may then be expected to exert pressure to the end that the State Department will make a diplomatic issue of the question in Tokyo. The action of the Japanese warlords in preventing American missionaries from returning to their posts is a glaring violation of treaties, long predating the Nine-Power pact which the Japanese claim they intend to formally repudiate —after seven years of violation.

The Japanese warlords have always had one stock answer to the requests of missionaries to return to their schools, churches and homes located in the interior of the country: "So sorry, but the country not yet entirely free of danger!" But in isolated cases where missionaries have returned to their posts, they have demonstrated that while it might be highly dangerous for the Japanese to venture away from their protected military posts, it is reasonably safe for missionaries to resume their work. At any rate the missionaries have informed the Japanese military authorities that they (the missionaries) are quite willing to take the risks, and, if necessary, they are willing to sign a commitment not to hold Japanese responsible for incidents. But the Japanese, except in isolated cases, still refuse to grant the necessary traveling passes for the missionary workers to return to the scenes of their past activities.

Many are convinced that the stock Japanese reply is a subterfuge, covering deeper motives: the Japanese militarists do not want the missionaries to see and disclose atrocities by Japanese soldiers or racketeering by hangers-on of the Army. Also, the Japanese realize the influence of the occidental missionary, which the Japanese intend to eradicate as quickly as possible, particularly in the fields of educational and religious work. The Japanese have no intention of permitting China to "go Christian," as that would be contrary to the propagation of Japanese Pan-Asianism and culture!

FOREIGN LOAN PROPAGANDA ON WHOLESALE LINES!

Fourteen foreign correspondents and writers in Tokyo are now on a free tour of North China as guests of Tatsuya Kato, who is closely associated with Mitsui and other large Japanese interests. The party first visited Manchukuo, then North China and were scheduled to return to Japan by way of Tsingtao. The object of the trip, according to the announcement was to enable the writers to observe "how peace and order have been established and to determine the attitude of the officials toward foreign investments in Manchukuo and North China." The party is conducted by Koichiro Yamagishi of the Cultural Information Bureau and Urataro Uehara, formerly manager of the *Japan Times*. The group departed from Tokyo on March 2 for Dairen and planned to spend a month on the trip. It includes Dr. William Axling, director of the Japan National Christian Council, Lewis Bush, writer and a teacher at Yamagata Koto Gakko; Newton Edgers, foreign news editor of *JOAK* Broadcasting Station, and correspondent for the *Central News*, London; Kinsen Kubota, artist connected with the *Tokyo Nichi Nichi* and *Osaka Mainichi*. Colone Francois Mathieu, retired French army officer and father of Mrs. H. Vere Redman; Percy Noel, special correspondent of the New York *Herald-Tribune*, and Mrs. Noel; H. Vere Redmen, correspondent of the London *Daily Mail* and the *Baltimore Sun*, and Mrs. Redman; Mrs. Zoe Kincaid Penlington, author and journalist; Mr. Uehara, Percy Whiteing, correspondent of the Australian *Associated Press* (not connected with *Associated Press* of America), and Mr. Yamagishi.

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The trip of foreign news writers, referred to in the foregoing, is part of an extensive propaganda campaign to induce American and British financiers to invest in Japanese enterprises in Manchukuo and North China. In the issue of *The Review* for March 12 (Page 30) there was an account of another attempt by the "Manchurian Industrial Development Corporation" of Hsinking, to borrow $50,000,000 in the United States for the announced purpose of developing heavy industries in the puppet state. In addition, the Japanese are planning to send Yoshisuke Aikawa, one of Japan's war millionaires to the United States for the purpose of borrowing money. Mr. Aikawa is head of an 800,000,000 yen corporation which controls 18 affiliated and 130 related concerns, most of which have made big profits in selling materials to the Army and Navy.

A report from Tokyo (*Domei*, March 15) claimed that the Tokyo Can Manufacturing Company had obtained a credit for "about Yen 10,000,000" from the United States Steel Corporation. The newspaper *Hochi* was given as authority for the report that the Japanese can company would import 5,700 tons of plate and bars and would export to the United States canned tuna, crab and oranges. It was not stated whether U. S. Steel had opened a grocery store to dispose of these products!

JAPANESE ARMY MAKES PLANS FOR ANOTHER LITTER OF PUPPETS

THE Japanese Army is making elaborate preparations for the birth of another Chinese puppet government, the object in the present instance being to create something to replace the legal government which the warlords of Nippon drove from the National Capital at Nanking.

This government, if and when formed, would be the fourth created by the Imperial Japanese forces since the occupation of the Manchurian provinces seven years ago.

It was not known, as these paragraphs were written early in the present week, whether the Japanese would be able to announce the personnel of the new regime this week, the "lucky" day being Wednesday the sixteenth. March 1 was originally selected, but something interfered and March 12 was selected. But that date turned out to be the anniversary of the death of the late Dr. Sun Yat-sen and was, therefore, unlucky. The next day, March 13, universally unlucky, could not be used. As a matter of fact, as told by the *Ta Mei Wan Pao*, March has been singularly devoid of lucky days, but despite the bad augury, it was rumored that the Japanese would proceed with their plans to provide China with a government which would be (1) pro-Japanese; (2) anti-communist; (3) willing to promote political and economic cooperation between Japan-Manchukuo-China.

In order to give "face" to the new regime and, incidentally, forestall possible Chinese air raids on the day of its inauguration, 50 Japanese planes were scheduled to patrol the sky. An additional 50 tanks and a large number of Japanese troops would patrol the earth below and also protect the new officials on their way from Shanghai to Nanking. It was expected that the people

in the various cities along the Shanghai-Nanking Railway would turn out en masse, shoot off firecrackers and provide an appearance of popular support. Also it was reported that plans were on foot for the organization of a "Peace Preservation Corps" of 20,000 to 40,000 men to serve as guard for the new Government. Uniforms, manufactured in Japan of the new "staple-fiber" or cotton substitute, and resembling the uniforms of the Japanese Army, were said to have already arrived in Shanghai.

In order to complete preparations there had been a readjustment of posts among rival candidates. Liang Hung-chi, pro-Japanese Anfuite, who had been slated for the post of Premier, was transferred to the Ministry of Communications. Chen Chung-fu, former Chairman of the Foreign Affairs Commission of the Hopei-Chahar Political Council, who claims to represent "Central China" and who has been in Tokyo negotiating with Japanese authorities, will be made Premier or President of the Executive Yuan. Gen. Wu Kwang-hsin, another prominent Anfuite, or Li Pao-chang, known in Shanghai as "Lord High Executioner" when the late Sun Chuan-fang was dominant in Kiangsu is reported to have been chosen as the new Minister of War to substitute for the ill-fated Gen. Chou Feng-chi, whose official career was cut short by the bullets of assassins two weeks ago. The other alleged participants include Chen Loh, Minister of Foreign Affairs; Chang Shih-chao, President of the Judicial Yuan; Chen Chun, Minister of Interior; Wang Chi-wei (a Formosan), Minister of Industry; and Li Cheh-yi, former advisor to the Fukien Provincial Government, Vice-Minister of Industry.

According to the *Wen Hui Pao*, the Japanese intend to open negotiations with the new regime immediately on the matter of cessation of hostilities and establishment of peace. Each candidate for official post in the new government, has already been sounded out, and allegedly has reacted favorably on five important conditions upon which the support of the Japanese Government is conditioned: (1) Recognition of Manchukuo; (2) Adherance to the Anti-Communist pact; (3) Payment of reparations; (4) Designations of areas and size of Japanese garrisons to be stationed in China; and (5) Economic co-operation.

The position of Tong Shao-yi, 78 year old Chinese statesman and veteran Kuomintang member, remains enigmatic. Reports regarding his intentions are conflicting, but his name is persistently linked to the post of President of the new administration. According to one report, Tong has decided to take no part in the regime and plans to leave Shanghai for Hongkong. Another report (*Wen Hui Pao*) stated that Mr. Tong, anxious for his good name, was resisting Japanese offers and would not "come out openly." But he might consent to head the new regime after a popular election.

Whatever his attitude an impression has been created in Shanghai that he is somehow involved in the Japanese scheme. On the 13th anniversary of the death of Dr. Sun Yat-sen this week, an open letter in the name of 3,000,000 Chinese residents of Shanghai was addressed to Mr. Tong urging him to make a public statement, clarifying his position. The letter said "As one of the founders of the Republic, who had the distinction of being the first Premier, we firmly believe you will never stoop so low as to become a puppet. We were glad to note your statement last month, disclaiming any intention to participate in the puppet regime and stating that your only desire was to return to your native place in Kwangtung. We also know that the Japanese military attache called on you, but his conversations with you had no result. We can not help informing you that some of your intimate followers, who do not have the interests of the country at heart, are utilizing your good name as a means to command public support in the hope of satisfying their greed for power and wealth. There is no question that some of your followers are involved in intrigue and this may reflect upon your reputation as one of the founders of the Republic. A mere verbal denial by you is not sufficient to set at rest various rumors centering around you. Therefore, we sincerely hope that you will issue a public statement, clarifying your position in order to dispel rumors and to prevent interested parties from utilizing you. We hope that you will endorse the *San Min Chu I* and support the people in their struggle for freedom and independence. If, on the other hand you should ignore public opinion and permit yourself to be utilized by the enemy the 3,000,000 Chinese people in Shanghai may, in accordance with the law of the nation, resort to mass action against you."

Reports from the north indicate that political activities in Central China are arousing apprehension of the Peiping Regime. Displeased with reports of a pending formation of a new administration in Central China, the Peiping Provisional Government has forbidden newspapers from publishing any information excepting from Japanese news agencies.

Wang Keh-min, head of the Peking group, dispatched a representative to Shanghai in the person of Miao Pin, to see Gen. Hata. Miao is publicity director in Peiping. He previously held important posts in the Kuomintang and National Government, being a reserve member of the Central Executive Committee, Deputy Party Delegate of the 1st Nationalist Army under command of Gen. Ho Ying-chin, the post of Chief Delegate at that time being held concurrently by Wang Ching-wei. Miao also served as Commissioner of Civil Affairs of Kiangsu Provincial Government. Miao only spent a week in Shanghai but during his visit here, he discussed with Gen. Hata the status of the Peiping Provisional Government, after formation of the Central China regime and the relations of the two regimes with the Japanese Army groups now stationed in China. It was also reported that Chen Chung-fu, representing Central China, and Dr. Tang Er-ho, representing Peiping had gone to Tokyo to seek instructions on the same point—the relations of two puppet governments south of the Great Wall.

Despite Gen. Chiang Kai-shek's attempt to compose their differences and present a "united front" against the Japanese, relations between Kuomintang and Chinese Communist Party continued unsatisfactory, according to a *Reuter* report from Hankow, stating that friction between the two parties was becoming more acute. There was fear on the part of some Kuomintang elements that armed conflict might result.

Kuomintang authorities accused Communists of having broken faith. They were perturbed by the extensive propaganda being conducted by the Communist Party. The circulation of the *Hsin Hua Jih Pao*, official Communist organ in Hankow, had reached the figure of over 50,000 copies daily. At the same time, large numbers of booklets, telling of the lives of various Communist leaders and glorifying the 8th Route Army were being sold everywhere at nominal charge.

Kuomintang officials further charged that instead of accepting the leadership of the Kuomintang, the Chinese Communist Party was talking about "cooperation" on an equal footing. Some Kuomintang elements even suggested that unless the Chinese Communist Party accepted Kuomintang leadership, Gen. Chiang Kai-shek might be forced to use the 500,000 troops he still has under arms in a "show-down" with the Communists.

Also there were reports of dissension within the Communist Party itself. Chow En-lai, Communist spokesman in Hankow, while still enjoying the confidence of his Party's leaders, was vigorously denounced by the lower ranks as a "traitor." They demanded the

expulsion of Chow from the Party. As a result of the internal row Chow has been recalled to Shensi and may be the victim of a "purge." The *Ta Mei Wan Pao* said that the rumors of growing friction between the two parties were purposely circulated by traitorous elements anxious to see the downfall of Gen. Chiang as a means of yielding to Japan.

Although he has been in Hankow for sometime, the role which T. V. Soong is going to play in the National Government still remains undefined. According to correspondence from Hongkong in the *Shanghai Evening Post*, Mr. Soong's action in flying to Hankow, after long urging from practically everyone of importance in the National Government, including Dr. H. H. Kung, is of great significance, no matter how much or how little Mr. Soong may allow himself to be drawn into active governmental participation. Mr. Soong is widely known as an administrator and as a symbol of efficiency and integrity.

The position of Gen. Chang Hsueh-liang, the "Young Marshal," is still a mystery, according to a *Reuter* dispatch from Hankow. The report that he might receive some government appointment was generally discredited at Hankow. Despite an earlier report that he had been living at Hengshan, sacred mountain in Hunan, after he left Fenghua, following withdrawal of the Chinese Army from Shanghai, his actual location is still kept a close secret. He is not allowed to receive visitors and requests from his family and friends for his release have been repeatedly rejected by the Chinese authorities.

It was rumored at Hankow that Gen. Wan Fu-lin, Commander of the 53rd Army and former subordinate of the "Young Marshal," had been executed for his failure to defend Shansi. Another ranking officer who was also reported to have been executed for "bad discipline" was Gen. Chou Teh-chin, Commander of the 116th Division. A Hongkong report said Gen. Sung Cheh-yuan resigned command of the 29th Army. A *Domei* report from Linfeng, southern Shansi, stated that Gen. Yen Hsi-shan was under surveillance by the Central Government Army agents at Tungkwan, on the Honan-Shensi border. Gen. Yen, it was alleged, crossed the Yellow River to Tungkwan on March 1 following the fall of Linfeng on Feb. 27.

Of interest in Kuomintang circles was a report that Liu Lu-ying, formerly close associate of Hu Han-min, C.E.C. member and Publicity Director, had been released by order of the Chinese Government. Liu was arrested in 1936 in front of the Yangtsze Hotel in Shanghai on a charge of implication in the murder of Gen. Yang Yung-tai, Hupeh Chairman. After being sent to Hupeh, Liu was tried by the Wuchang High Court and convicted on the charge of instigating the murder of Gen. Yang and sentenced to 10 years' imprisonment. The release of Liu, it was stated, accorded with the policy of the Central Government to grant amnesty to all political offenders so that all factions could be mobilized for service of the country.

The 13th anniversary of the death of Dr. Sun Yat-sen, founder of the Kuomintang and "Father of the Chinese Republic," was observed in Hankow, Chungking, and other cities, where memorial services were held. In Shanghai, no public ceremony was held, but the day was observed as a holiday and national flags were flown at half-mast by governmental and public organizations and leading business firms. A telegram was sent to Gen. Chiang by a group of Chinese organizations, paying high tribute to the quality of his leadership and praising the Chinese army.

H. C. H.

China's Interest in Recent International Developments

THREE recent events in Europe are certain to have far-reaching effects on the Far Eastern situation and may have repercussions in China for many years to come. The events came in rapid succession: (1) Germany's recognition of Manchukuo; (2) Britain's intention to recognize Italy's conquest of Abyssinia; (3) Hitler's bloodless conquest of Austria.

Germany's recognition of Japan's No. 1 puppet state caused little surprise to close observers in the Far East. After the signing of the anti-comintern pact with Japan it was clear that the Nazi Government could no longer be depended upon as a friend and ally of China in her struggle against Japanese aggression. The signing of the pact had immediate repercussions throughout China and helped precipitate the Sian crisis.

After the beginning of hostilities in North China and at Shanghai last summer, the contradictions of Germany's position with respect to China became increasingly clear and correspondingly acute. On the one hand Germany had to satisfy Japan as a partner of the anti-red pact, in order to obtain whatever benefits the pact offered in bargainings and maneuverings with European Powers. On the other hand Germany could not afford to overlook her trade and economic position in China. Germany's trade with China, under normal conditions, exceeded in volume and value her trade with Japan. Aside from certain specialised lines, there was little prospect of expanding Germany's trade with Japan, but with China there were prospects of increasing demands for German goods for many years to come. By virtue of an agreement concluded two years ago, Germany sold China much railway and other construction materials on a long-term credit basis. Payment for these materials and services naturally depended upon the continued stability of the National Government.

There is little evidence that Japan consulted Germany prior to the launching of the war either in the North or here at Shanghai. After the hostilities had started and continued with little prospect of a decisive victory in sight for Japan, the Germans became more and more perturbed and worried at the possibility that Japan might become so exhausted by the struggle with China that she might be of little value as an ally when the second world war started. This explains Germany's repeated attempts at mediation.

Numerous elements doubtlessly were involved in Hitler's decision to recognize Manchukuo, but among them expediency rather than long-range principle, was the propelling force. The present relationship between Japan and Germany is an unnatural one. While they may be—ideologically—on the same side, fundamentally they are more at conflict in so far as their Far Eastern interests are concerned. Each is exploiting the other's position for selfish benefits. When they cease to be useful to each other a violent parting of the ways may occur.

While China cannot but feel greviously betrayed by Germany's recognition of Manchukuo it may not be an unmixed evil and might yet prove to be a blessing in disguise. For one thing China from now on may be relieved of the tantalizing role of being all things to all men. The Biblical injunction that one cannot serve God and mammon at the same time may also apply in the present case. China must now make a decision as to which road she plans to travel and once that decision is made she must pursue it with relentless vigor and resolution until the final destination is reached. China has long suffered through vacillation, hence it is to be hoped that Germany's betrayal may teach her a needed lesson in contracting international friendships not on a

basis of temporary expediency but on the sounder foundation of fundamental national interests and long-range objectives.

It is still too early to appraise the military over-running and virtual annexation of Austria, from the standpoint of possible repercussions in the Far East. Japan's wholehearted approval and admiration of German methods cannot but cause apprehension here as it has elsewhere in the world. As stated by the *Wen Hui Pao* early this week, the Nazi action probably means the break-up of the present balance of power and will seriously endanger the safety of France, Czechoslovakia, Soviet Russia, Poland, Hungary and Italy. This explains why everybody, excepting Germany, tried to preserve the independence of Austria. But Hitler chose his time well and, in all probability, has dealt a body-blow to his European partner in the anti-comintern pact—Mussolini.

Germany undoubtedly was fearful of the possibilities in an Anglo-Italian rapprochement, which might conceivably break up the Rome-Berlin axis. Hitler, therefore struck the first blow, before Britain and Italy even discussed the preliminaries. Furthermore the German leaders probably had few illusions regarding the possibilities of reaching an accord with England. Germany viewed with serious concern the rapid expansion of the British fleet.

As for France and the U.S.S:R. both are experiencing domestic political complications and also in Great Britain the outlook is none too certain. Germany judged correctly that nobody was in a position to interfere.

In Hankow the press reflected the official view that the "Greater Reich," based on force, might result in a stronger united front on the part of Britain, France and the Soviet Union. The *Shun Pao* wondered whether the Nazis could rehabilitate Austria and avoid a situation such as that prevailing in Spain. The *Ta Kung Pao* correctly pointed to the alliance between France and Czechoslovakia as the fundamental element in the issue of peace or war.

Recent changes in England are subject to various interpretations. One version has it that since Great Britain, in violation of her pledge at Geneva, may recognize the fruits of Italy's conquest in Abyssinia, what is to prevent her from recognizing Japan's conquests in China. At any rate the radical change in British diplomacy in Europe may have an adverse effect on Anglo-American cooperation which is a vital element in stabilizing the Far Eastern situation. Another explanation, a more optimistic one, is that Britain's temporary capitulation to Italian pressure may have been motivated by her desire to take a stronger stand vis a' vis Japan in the Far East.

It is not inconceivable that at some convenient time Great Britain might extend recognition to Manchukuo. But to suggest that Great Britain would so easily give up her interests and position in the Far East under Japanese pressure without a struggle would stretch one's imagination a bit too far.

The recent changes in Europe unmistakably point to one thing—we are nearer to a second world war than most of us are willing to admit. The only question is When? Compromises or postponements will not avert the catastrophe but may, on the contrary, merely store up so much more dynamite for the wrath of Mars to let loose.

In the light of the recent international changes it is significant to note the statements from Hankow that China will not deviate from her fixed course of resisting Japanese aggression. Bitter experience apparently has finally taught China that she must fight her own battle. The most significant element apparently is that as the war continues China's self-confidence and self-reliance are steadily becoming stronger. Self-confidence and self-reliance are indispensable if the nation is to survive.

H. S. L.

Central Broadcasting Station Resumes Operation at Chungking

A new Chinese "Central Broadcasting Station" went into operation at Chungking on March 11. The apparatus from which the station was built was removed from Nanking before the Japanese entry into the town and is of German make. The power of the new station is 10 kilowatts, its call sign "XGOA." The station intends to transmit daily from 7.30 a.m. to 9.30 a.m., from 6 p.m. to 9 p.m. and from 10 p.m. to 11 p.m. Sunday programs will also be transmitted between 6 p.m. and 9 p.m., and 10 p.m. and 11 p.m.

Negotiations are at present proceeding for the erection of another more powerful broadcasting station here. Apparatus used at Daventry, in England, until the station was dismantled and later purchased by the Chinese Government, will be used for this. The purchase was made before the outbreak of the present hostilities, it being originally intended to erect the station at Nanking. Providing the additional cost of erection is considered worthwhile, the construction of the second station will be begun shortly.

Registration of Students from War Zone

Registration of the first batch of students from the war zones has been completed by the Ministry of Education, *Kuo Min* reported from Hankow March 15.

The registration was carried out simultaneously in Chungking, the provisional seat of the National Government, and in the provinces of Hupeh, Kiangsi, Hunan, Kwangtung, Honan and Shensi.

Of the first group thus registered, 632 are technical college students. About one-third of them has been assigned to various schools in the districts where they registered, to continue their studies. The others, about 450 in number, have been despatched to institutions in other districts, as there are no suitable schools in the districts where they registered. The Ministry has appropriated a sum of $8,638 for their traveling expenses.

McNutt Asks U.S. to Retain Philippines

An eloquent appeal for the indefinite retention of United States sovereignty over the Philippine Islands, while at the same time granting the fullest possible measure of domestic autonomy, was made by Paul McNutt, High Commissioner of the Philippines, in a broadcast from Washington on March 15, Reuters reported from Manila.

"I venture to predict," said Mr. McNutt, "that if our flag comes down, the Philippines will become a bloody ground and center of a war within a war for a generation. To withdraw would be to lose our voice in oriental diplomacy," continued Mr. McNutt, "while as long as our flag is there, the Philippines will be the corner-stone for peaceful reconstruction in the Far East."

The High Commissioner strongly urged both American and Filipino leaders to re-examine the Philippine independence problem.

Roosevelt Reminded That American Materials Are Being Used by Japan

President Roosevelt was reminded, in a message from Paul M. Reid, executive secretary of the American League for Peace and Democracy, that the money asked by the President to assist Chinese refugees is needed because American munitions have helped to make refugees of Chinese civilians.

"We appreciate greatly your request to Red Cross to raise at least million dollars for civilian relief in China," Mr. Reid's wire states. "We want you to know that American League for Peace and Democracy has been raising relief funds for Chinese people as well as carrying on a campaign to boycott goods made in Japan as a means of thwarting Japanese militarists in China. We urge the immediate amendment of the Neutrality Act to quarantine the aggressor by cutting off all war supplies and raw materials to Japan. Consider it a travesty that American materials are being used by Japanese against Chinese people and helping to create the very situation for which relief funds must be gathered."

American Exports to Far East Increase

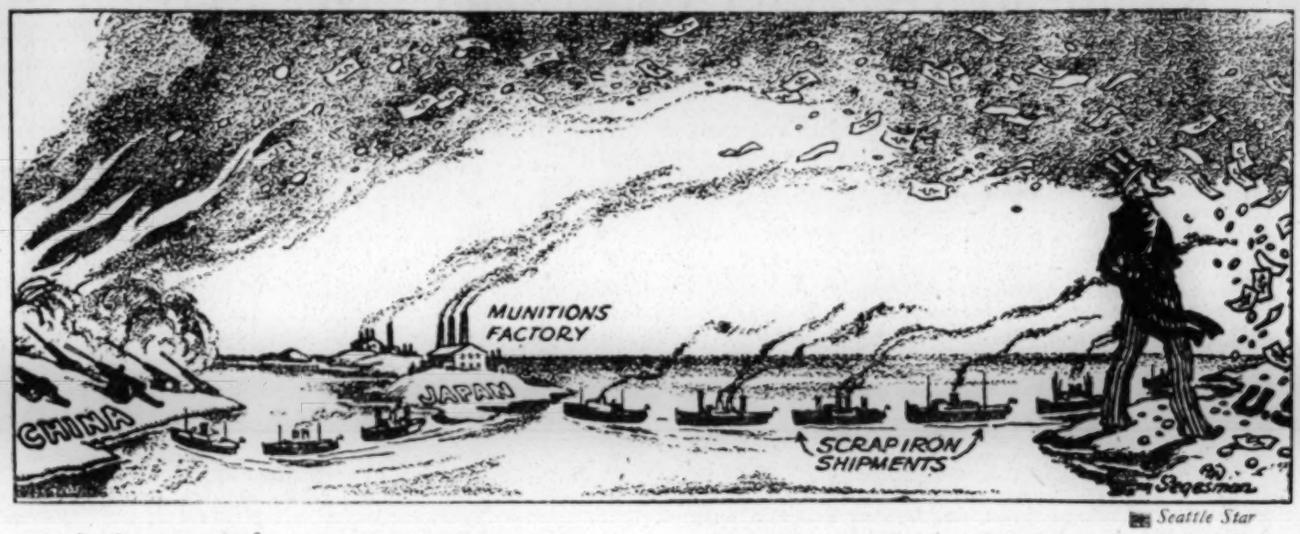
American exports to the Orient increased while imports decreased during January as compared with the same month of last year, the Department of Commerce announced in Washington March 10.

Exports to the Far East increased from $42,589,000 in January, 1937, to $46,908,000 for the same month this year.

Imports to the Orient, however, dropped from $68,372,000 in January of last year to $53,682,000 for January 1938.

Leading Far Eastern exporters to the United States were: China, $3,873,000 in January, 1938, compared to $6,405,000 in January, 1937; Japan, $11,496,000 in January, 1938, and $17,683,000 in the same month last year. Imports from the Philippines during January totalled $6,159,000 as compared with $6,260,000 for the same month last year.

INTERNATIONAL TRADE WINDS OF THE PACIFIC



Seattle Star

U.S. Seamen Refuse to Carry Scrap Iron to Japan

The crew of the Norwegian freighter Fernlane went on strike in Houston, Texas, on March 8 as a protest against taking scrap iron to Japan for war purposes.

Meanwhile, in San Pedro the United States Line discharged 34 members of the crew of the s.s. Texas because of their refusal ro sail with a cargo of potash and cotton for Japan unless they were paid a bonus of $150 each. The workers said they had demanded the bonus because of the recent Chinese air raid on Formosa which they said made voyages to Japan dangerous.

Chinese Guerillas Hold Japanese Merchants for Ransom

Several Japanese merchants were being held for ransom on March 11 by a band of about 2,000 outlaws camped near Kashing, 80 kilometers southwest of Shanghai, according to a *Domei* report.

Representing the first case of kidnaping of Japanese near Shanghai since the outbreak of Sino-Japanese hostilities, this report, carried by the *Shanghai Mainichi*, caused a sensation in the local Nipponese community.

Among those being held for $12,000 were Kazuhiko Kadokura, 50, owner of a dry goods store on Broadway, and Hideo Mizuguchi, 21, of 156 Haining Road.

The two men left Shanghai on a sales expedition by boat on Feb. 28. While on their way from Kashing to Hsinshih on March 3 they were met by a band of about 100 bandits who attacked the launch Hsich Hu, used as a tug for a convoy of junks. The attack, the daily said, took place near Lantsun.

Following a brief but sharp encounter, during which the launch was sunk by rifle fire and handgrenade explosions the bandits overpowered the two Japanese and their Chinese crew.

Two Chinese laodahs who managed to escape advised the Hsinshih Peace Maintenance Commission, which dispatched a representative to negotiate for the release of the Japanese. The bandits informed the Commission that they wanted $12,000 for the two captives.

The Japanese military authorities at Nanziang, the nearest point where soldiers are stationed, were also advised.

The bandits, the *Mainichi* said, number about 2,000 whereof 700 are armed. They are said to be under the leadership of Chou Ching-san.

Three of the captured Japanese were saved by a Chinese Peace Preservation Commission at Hsinshih. The men were held four days and turned loose unharmed after the payment of a ransom to the brigands by the Hsinshih Commission.

Amount of the ransom was previously reported to have been $12,000, although the bandits were said to have nonchalantly demanded $100,000 when they first started negotiation with the Hsinshih officials.

Manchukuo System Now Enforced in Hopei Province

A dispatch from Peiping by *United Press* stated that the Japanese Army was now enforcing in Wangtu hsien, or county, southwest of Paotingfu a system whereby all males from 15 to 50 years of age would be compelled to carry certificates issued by the Japanese Army. After a short period, any found without certificates would be executed as bandits. The system, similar to that enforced in Manchuria, will be enforced in North China.

Shansi Salt Fields Under Japanese Guard

Southern Shansi's vast salt fields, including those at Yuncheng and Chiehchow, in the Tungpu Railway zone, are now under Japanese military guard, *Domei* learned in Peiping March 15.

The fields, capable of producing annually salt valued at $60,000,000, were overrun with petty salt thieves during the recent hostilities in the area, it was claimed.

Federated Reserve Bank Notes Received Cautiously

The new Federated Reserve Bank notes have been accorded a mixed reception in Tientsin, *Reuters* reported.

In the Native City and Special Areas the notes were widely circulated where they were accepted by shops without difficulty. Larger businesses were readily dealing in them while Government Tax Offices were also accepting the new notes. Exchange shops in the Concessions are dealing in the notes at par with the Yen.

The new currency issue is also being accepted by the Customs, but the Post Office has not yet received orders in this respect from the Director-General of Posts.

Business in cotton is almost suspended, dealers maintaining that farmers in the interior refuse to take the new notes. The notes are being refused by the foreign banks, in view of their uncertain exchange value.

The Chinese Government banks are not dealing in foreign exchange, while the other Chinese banks have been ordered by the authorities in Peiping to suspend business in foreign exchange.

Acting under orders from the Ministry of Finance, the Bank of China has informed holders of its notes that all bank notes issued at par by the bank and its branches will continue in circulation without any discrimination.

U.S. Register Would Revoke Company's Charter

A. Viola Smith, Registrar of China Trade Act Companies, brought an action in the U. S. Court, before Judge Milton J. Helmick, on Wednesday of this week, to revoke the charter of Karatzas Brothers, Fed. Inc., located at 25 Rue du Baron Gros, French Concession, Tientsin. The defendants in the case are George Happer, manager of Dibrell Bros., leaf tobacco dealers, and R. G. Allman, attorney, both being directors of the company. Miss Smith charged that the company violated the U. S. regulations by failure to appoint an American citizen as manager. It was alleged that the manager, S. C. Canallakis, is of Greek nationality. He is represented by A. R. Morrison, member of the law firm of Fox and Morrison of Tientsin.

More Than 17,000 Refugees Arrive by Rail from Nanking

Another large group of Chinese refugees from Nanking arrived in Shanghai this week, bringing the total which has arrived here from the Chinese capital since the Japanese occupation, to more than 17,000. The latest group arrived by train, but many others have walked the entire distance. It also was reported that other large groups of refugees are arriving here from northern Kiangsu in the vicinity of Nantung, about 80 miles up the Yangtsze from Shanghai. According to foreigners visiting the Nantung area there are more than a million refugees congregated along the canals and rivers of the northern part of the province.

Centralized Control Established Over Foreign Exchange

THE first strong attempt on the part of the Japanese to undermine China's currency has met with prompt protective measures on the part of Hankow which have been generally well received in Shanghai financial circles.

A minor type of exchange control has been instituted to combat the action undertaken by the Japanese in establishing the Federated Reserve Bank in Peiping on March 10 and immediately announcing inflationary measures. Note issues outstanding in North China when the hostilities broke out totaled $552,150,000, which were divided as follows:

$ 34,400,000 issued by the Central Bank of China;
145,000,000 issued by the Bank of China;
70,000,000 issued by the Bank of Communications;
1,750,000 issued by the National Industrial Bank of China;
300,000,000 issued by other commercial banks such as the Kincheng Banking Corporation, the China and South Seas Bank, the Continental Bank, and the Yen Yieh Bank.

The Japanese planned further issues based on the same reserves, while it was announced that leading Japanese banks would also begin operations in the North, which would probably mean an influx of their currencies. What made the situation worse was that the Japanese began to call in the notes issued by the Central Bank of China, replacing them with notes not convertible into foreign currency. Reportedly, with these "called in" notes they were trying to buy foreign exchange on the Shanghai market.

Such operations would have lowered the rate of exchange and probably instituted a flight of capital from China to the detriment of China's financial policy. The Chinese attitude towards the newly established bank in the North, and the explanation for the mild exchange control, were given by a spokesman of the Ministry of Finance at Hankow on March 15 through *Kuo Min* news agency:

"Interviewed regarding the new measures announced by the Ministry of Finance for the control of foreign exchange, a spokesman of the Ministry said that these measures aim at strengthening the credit of the legal tender notes (*fa pi*), and preventing the Japanese from undermining the Chinese national monetary system.

"In the course of the past eight months, despite the Sino-Japanese hostilities, the spokesman said, the value of the legal tender notes has been well maintained, even in areas under Japanese occupation.

"Owing to recent military reverses, the Japanese are now attempting to destroy the monetary system of China by instigating the puppet regime in Peiping to establish a so-called "Federated Reserve Bank," which will issue notes without reserves. The bank was inaugurated on the 10th but the various Chinese banks in Peiping and Tientsin have refused to join this "reserve bank."

"The aim of the 'Federated Reserve Bank,' the spokesman continued, is to circulate its worthless notes in Chinese territory and withdraw the Chinese legal tender notes. He pointed out that the 'reserve bank' has required the Peiping and Tientsin branches of the Bank of China and the Bank of Communications to quote exchange for the legal tender notes (*fa pi*) at 1 shilling and 2 pence per Dollar, instead of 1 shilling 2¼ pence per Dollar as fixed by the Government in 1935, and to exchange the Chinese legal tender notes at par with notes issued by the "Federated Reserve Bank" as well as Japanese yen notes.

"In Shanghai, the spokesman added, the Japanese are circulating rumors to destroy the credit of the legal tender notes (*fa pi*), while, at the same time, collecting such notes for the purchase of foreign exchange.

"For the convenience of foreign trade, the spokesman pointed out, the Ministry of Finance, after the removal of the seat of the National Government from Nanking to Chungking, continued to authorize the purchase and sale of foreign exchange in Shanghai. Now, in order to prevent the Japanese from taking unfair advantage of this situation, the Government has decided to authorize foreign exchange dealings only at the seat of the Government. The Head Office of the Central Bank of China (or through its office in Hongkong) will provide for all legitimate requirements.

"In conclusion, the spokesman said that through the strengthening of the credit of the legal tender notes (*fa pi*), the campaign of resistance will be greatly facilitated."

In order to prevent the disturbance of the Chinese monetary situation by the so-called "Federated Reserve Bank" in Peiping, it was officially announced in Hankow March 13 that the Ministry of Finance has decided to authorize the Central Bank of China to centralize control over all dealings in foreign exchange, according to *Kuo Min*. The measures and procedure governing such control were announced by the Ministry in two circular telegrams, as follows:

Central Bank as Medium for all Dealings in Foreign Exchange

"To all Ministries, Commissions, Provincial and Municipal Governments, Bankers' Associations and Guilds, Chambers of Commerce, the Central Bank of China, Bank of China, Bank of Communications, Farmers' Bank of China, and Newspapers:

"Since the invasion by the enemy troops, the Government has consistently protected the legal tender notes (*fa pi*). Consequently, the credit of the notes has been strengthened, and all trades have been benefited. Even in districts occupied (by the Japanese), sales and purchases of foreign exchange are conducted according to legal rates. This fact has long been regarded with confidence by both Chinese and foreigners.

"Unexpectedly, the enemy recently instigated the puppet regime in Peiping to organize a so-called 'Federated Reserve Bank,' issue paper notes which are not secured, reduce the rate of foreign exchange, and force our people to accept these notes, with a view to substituting them for our legal tender notes which have been in circulation for a long time and for which there is adequate security, and exchanging the legal tender notes for foreign currency, so as to increase their power of aggression, absorb the 'blood' of our people, and destroy the credit of our legal tender notes. It is therefore absolutely necessary to adopt precautionary measures.

"In order to strengthen the credit of legal tender notes, safeguard the foundation fund (reserves) for foreign exchange, protect the interests of the people, and strengthen the measures regarding foreign exchange agreed upon between Chinese and foreign banks last year, the Head Office of the Central Bank of China is hereby specially designated as the organ responsible for approving applications for the purchase or sale of foreign exchange. Three measures in this connection are fixed as follows:

"1.—Beginning from March 14 of this year, the sale of foreign exchange shall be effected by the Head Office of the Central Bank of China at the seat of the Government. However, for the sake of convenience, the Bank may establish an office in Hongkong.

"2.—In case the various banks should require foreign exchange for legitimate purposes after their receipts and liabilities (in foreign exchange) are set-off, they should make application to the Head Office of the Central Bank or through its office in Hongkong.

"3.—The Central Bank, after receiving the Application, shall immediately consider the same in accordance with the Regulations governing the approval of purchases of foreign exchange, and sell foreign currency to the applicant at the legal rate. The Regulations governing the sale and purchase of foreign exchange shall be fixed separately.

"Besides telegraphing to the various organs concerned, this telegram is hereby specially issued for your information: The Ministry of Finance (seal), March 12 (1938)."

AGAIN THE HONORABLE MISTAKE!

Birmingham, England, Mail.

The Regulations Promulgated

"To all Ministries, Commissions, Provincial and Municipal Government Bankers' Associations and Guilds, Chambers of Commerce, the Central Bank of China, Bank of China, Bank of Communications, Farmers' Bank of China, and Newspapers:

"The Regulations governing approval of the sale and purchase of foreign exchange are hereby promulgated, as follows:

"1.—To meet the legitimate requirements of their clients, the various banks after selling their stock of foreign exchange, if they should still require more foreign currency, may make application to the Head Office of the Central Bank of China or through its office in Hongkong.

"2.—The bank should fill out the application according to the fixed regulations, and send it to the Head Office of the Central Bank of China or through its office in Hongkong. The form of the application shall be determined by the Ministry of Finance.

"3.—The Head Office of the Central Bank of China, or through its office in Hongkong, shall receive applications up to 10 a.m. every Thursday, and examine them in due order. Approvals shall be communicated to the banks sending the applications by 10 a.m. of the following day at the latest; in case of a holiday, they shall be sent on the day after the holiday.

"4.—The banks making application, after receiving the communications of approval, may immediately acquire the foreign exchange (from the Central Bank).

"5.—After the banks have acquired the foreign exchange, the Head Office of the Central Bank of China or through its office in Hongkong may ask the banks to furnish for examination a detailed statement of the disposition of the foreign exchange acquired.

"6.—These Regulations shall come into force from the day of their promulgation by the Ministry of Finance.

"Besides telegraphing to the various organs concerned, this telegram is hereby specially issued for your information: The Ministry of Finance (seal), March 12, (1938)."

Shanghai Finance Reacts Calmly

Shanghai business and finance reacted to the Chinese National Government's edict as calmly as could be expected under the circumstances.

There, naturally, was some confusion. When local importers discovered last Monday that they could not freely buy foreign exchange to meet their commitments abroad, they became jittery but this feeling of nervousness relaxed considerably, the real facts of the case having been adequately presented.

Also helping to ease the tension was the fact that the exchange rate remained nominal during the day with leading foreign banks in the city supporting it.

A survey made during the afternoon by a *China Press* reporter revealed that most of the foreign banks were in the fortunate position of having previously over-bought, leaving them with some margin of foreign exchange on hand. While it was not enough to satisfy everyone, the financial houses were able to take care of some of the most urgent cases.

The survey also revealed that the majority of importers in the city were caught short on foreign exchange, the Hankow decree having been promulgated in the quickest possible time, not giving them sufficient time in which to strengthen their positions sufficiently to tide them over until the machinery of the government order is functioning normally.

The Hankow mandate was primarily designed to avoid speculation and the flight of capital from China. The need for such a restriction has been apparent for some time and the past few days had witnessed such a flight at a high rate, it was learned in financial circles.

It was also learned that there would, perhaps, have been no need for the restrictions were it not for the appearance of large quantities of bank notes from Peiping and Tientsin and their use in buying foreign exchange at the expense of the National Government.

The mandate is not exchange control in the usual sense and the fact that cover can be obtained for legitimate needs makes this ruling not nearly as severe as exchange regulations enforced in many other countries.

Foreign bankers here made it clear that they recognized the urgency of the Chinese Government's protective action but were more or less "sitting tight" pending further developments.

The majority are of the opinion that the mandate will impose no undue hardship upon local business, once its machinery is running smoothly. That, they believe, will take a few days.

None of the bankers interviewed have any intention of violating the ruling. As one foreign banker pointed out violation is out of the question since foreign banks, for the past few months, have been operating only because they have received coverage from the Central Bank of China.

While the sale of foreign exchange was completely suspended Monday by the Central Bank of China, quotations remained more or less firm at 29-3/8. Or U.S. $100 could be purchased at $340.43, provided anyone could be found who was willing to sell.

The fact remains that there was some exchange business and foreign banks were not merely accepting Chinese currency from importers with cargo arriving, as some reports indicated. Banks over-bought on their positions on Saturday were tiding over most urgent cases. When their over-bought positions have been liquidated, however, all foreign exchange positions must be re-established along the lines decreed in the new mandate.

Chinese banks obeyed the exchange ruling, suspending all exchange transactions pending adjustment to the new technique under the mandate.

Stability of the Chinese Money Market in War-Time

The stability of the Chinese money market and foreign exchange in the present war has been the cause of no small envy to the Japanese, who, with all their development in industry and commerce, have found it extremely difficult to keep the *yen* from depreciation, Chinese sources declared on March 10. On the other hand, the Chinese dollar is informally pegged to both the American dollar and pound sterling, and for the entire period since war started, there has been practically no fluctuation from the rate of 29 7/16 and 1/2 1/8.

The Chinese money market has not come to its present state of strength without reason, these sources said. In fact, it has witnessed a series of crises in recent years; but after each occasion of stress, the financial structure emerged with better organization and greater stability. For instance, during the hostilities of 1932 all business in the port of Shanghai was suspended for more than a month, and ruin stared every bank in the face. But with the formation of the Joint Reserve Board and later the Clearing House, the banks were able to tide over the period without mishap. Again in 1935, as a result of the purchase of silver by the United States Government, silver was exported in huge quantities; and the collapse of the entire financial structure was imminent. But on November 3 of the same year, a currency law was enacted which fixed the notes issued by the three Government banks, namely, the Central Bank of China, the Bank of China and the Bank of Communications to be legal tender and empowered the Government to purchase silver in the country for currency purposes. By a series of supplementary legislation and arrangement with the British and American treasuries, the Chinese currency reached a stage of unprecedented stability.

The real test of the new currency measure came when hostilities broke out between China and Japan in Shanghai in the middle of last August. In the first few days, withdrawal from the banks reached panic proportions. By an order of the Government, the banks were required to close their doors for a few days during which time measures were enacted ordering the bank not to pay to any one depositor more than 20 per cent of his entire deposit in any week. By this and a number of supplementary measures and the formation of the Joint Discount and Loan Board, the banks were enabled to weather the storm and at the same time avoid working hardship on legitimate business. In the six months since hostilities started, bank failure was practically unknown. During the Chinese New Year settlement, neither the rate of foreign exchange nor that of the interest of call loans showed increase.

Another factor which attests to the soundness of the present banking and financial structure is the relative stability of the commodity prices. It is true that in cities like Shanghai and Hankow the cost of living has risen to a certain extent. But the rise is due more to the crowding of refugees and the disruption of import facilities than anything else. That is another way of saying that the Chinese Government has not resorted to excessive note-issuing as means of financing the war.

Japanese Loan to Northern Government

That the Japanese were not unaware of the effects their currency policies in north China would have on China's legal notes is indicated in various dispatches from Peiping at the time of the opening of the Federated Reserve Bank.

DOG IN THE SHANGHAI MANGER

Glasgow Record, Scotland.

In these dispatches the intentions of the Japanese to attack the Chinese currency and to simultaneously place the financial system in North China under the control of Japanese finance, seem to be evident.

Proceeds from a Yen 12,000,000 Japanese loan to the "Provisional Government" constitute the capital of the "Federated Reserve Bank" organized by the government, *United Press* learned in Peiping March 9.

The loan was tendered the government in the form of a check drawn on Japanese banks, a government statement said. This check was said to have been turned over to the new bank.

Observers pointed out that the official statement differed materially from earlier reports that the loan was projected merely as a credit guarantee and would not involve any transfer of funds.

The Japanese loan, the statement said, enabled the government to purchase its half of the bank's capital stock. The loan is secured by the capital stock issued by the new bank to the full value of the loan, it was stated.

Federated Reserve Bank Opened

Assured of support by a powerful Japanese banking syndicate, the Federated Reserve Bank of China opened for business in Peiping on March 10, *Domei* reported on that day.

"In a statement issued yesterday, the Provisional Chinese Government defined the bank's tasks as withdrawal of old notes from circulation and issuance of new banknotes, which will become sole legal tender. The Sino-Japanese conflict, the statement said, has 'deeply shocked' China's economic structure.

"Therefore, the Government has ordered the new Reserve Bank to develop a sound currency system, which will become the basis of China's rehabilitation," the statement added. The new Chinese currency, according to the declaration, will be placed on a par with the Yen.

"On the eve of the bank's inauguration, the Government promulgated two decrees, which went into effect March 10. The first of these provided for the disposal of the old currency and the prevention of acts designed to disturb financial circles. The second measure stipulated the punishment for such offenses as transfer of silver without the permission of the Government; speculative transactions in banknotes or foreign exchange; circulation of rumors and other acts tending to affect financial stability.

"Banknotes issued by the Banks of China, Communications, Hopei and East Hopei, with Tientsin, Tsingtao and Shantung imprints, willl under the terms of the decrees, remain in circulation at par with new notes a year from today.

"Notes issued by the Banks of China and Communications and the Central Bank of China and bearing the imprint of other localities, will remain in circulation for three months from today."

Tokyo Comments

Suspension of transactions in foreign exchange in Shanghai, ordered by the Nationalist Ministry of Finance, was described by bankers in Tokyo as "retreat from Shanghai," according to a *Domei* report.

The Nationalist Government, the bankers said, has been compelled by the "steady advance" of the newly established Federal Reserve Bank of China to abandon the Shanghai market, "on the eve of the birth of a new regime in Central China."

The Nationalist Government, the bankers interviewed by *Domei* said, has endeavored to maintain the exchange rate by restricting the withdrawal of bank deposits, controlling the sales of exchange and "taking other deflationary measures."

There is now, however—it was asserted—a "threat of harmful inflation" with a wave of speculative sales of Chinese currency and purchase of foreign exchange. The speculative orgy, the bankers declared, was stimulated by the flight of old Chinese banknotes from North China, where the Provisional has already placed a ban on them.

The bankers expressed their belief that the currency issued by the Nationalist Government is facing a serious crisis, in view of the difficulty of trading in foreign exchange in Hongkong, which is not Chinese territory. These difficulties, the bankers added, would be further enhanced by the establishment of a new regime in Central China.

Japanese Businessmen in Shanghai Not Inconvenienced

Japanese authorities and businessmen in Shanghai feel "not in the slightest way" any disadvantage from the foreign exchange restrictions, a Japanese Embassy spokesman said Monday night.

"However, we do feel sorry for foreign traders who have been adversely affected by this ruling, based upon a prejudiced outlook of the Chinese authorities," he added. Further comment was, however, withheld by Japanese spokesman who said they would have to "wait and see." Specie reserves in North China, coupled with the support of the Japanese banking consortium, was held by the spokesman to be sufficient to maintain the value of the notes of the Federated Reserve Bank of China.

WHO WILL MEND IT?

News of the World, London.

Chinese Mobile Units Active

The Shanghai-Hangchow Highway in the vicinity of Nankiao, south of Minghong, has been cut by Chinese mobile columns, *Reuter* reported from Hankow March 14. These columns, which have been very active in southeastern Kiangsu Province, had occupied Chwansha, Nanhwei and Fenghsien, three towns near the Kiangsu sea-coast.

The lull on the Wuhu front continues for, although the weather has cleared up recently, the snow and rain of the past fortnight have turned the roads and countryside into a sea of mud, hampering military movements.

On the western section of the Taotsing Railway, heavy fighting is taking place. Chinese forces, by strategic moves, have managed to keep the Japanese troops on the run. They raided Hsiuwu, west of Sinhsiang, on March 11 and when the Japanese forces rushed to meet them from Sinhsiang, Chinese detachments on the Peiping-Hankow Railway pressed towards Sinhsiang, thus sandwiching the Japanese.

At the same time, another Chinese column has been converging on Ponai, or Chinghuacheng, which is the eastern terminus of the Taotsing Railway.

The Chinese forces in northwestern Shansi have been ordered to turn to the southwest, in the direction of Chiaochen and Wenshui, in order to harass the Japanese column operating in the western part of that province, based at Fengyang.

These Chinese troops, under the dual command of General Fu Tso-yi, former Governor of Suiyuan, and General Ho Lung, Red Army leader, were originally ordered to advance to the east towards Taiyuan, capital of Shansi Province.

Chinese Spy Executed in Shanghai

A Chinese spy who was nabbed by Japanese Consular Police and brought before a court-martial was executed by a firing squad here on March 5, local Japanese newspapers reported March 15.

Acting on orders from the headquarters of a Chinese secret service, the man, Wu Chih-yuan, 29, who belonged to the Kiangsu and Chekiang Anti-Japanese Society, obtained employment at the Astor House, Whangpoo Road, on Dec. 7, the Shanghai *Mainichi* said. He represented himself as a Formosan because of his knowledge of the Japanese language, learned during an eight-year residence in Kobe, the paper stated.

Ten days later he was arrested by the Consular Police on a charge of espionage. His espionage activities were established by the court-martial, the paper said.

Japanese Charge Correspondents and Press Subsidized by Chiang

The Tokyo newspaper *Nichi-Nichi* published a dispatch from its Shanghai correspondent alleging that the Japanese had discovered a memorandum in the former headquarters of Gen. Chiang Kai-shek in Nanking indicating that large sums had been paid to newspapers, correspondents and press associations. The Japanese correspondent claimed that the 18th meeting of the Standing Committee of the Kuomintang had authorized the sum of $40,580 be appropriated monthly as "encouragement for the newspaper industry." Of this sum, the Japanese alleged that "no less than $10,000 had been ear-marked for *Reuters*. It also was alleged that the Hankow Government was "bribing" foreign correspondents to visit the Chinese national headquarters in order that "fabricated news about conditions in Shanghai, Nanking, Hangchow and Wuhu could be issued for the purpose of injuring the honor of the Japanese Army."

Japanese Troops Reach Yellow River

Japanese military forces have accomplished their objective in Shansi—they have reached the Yellow River on the southern and western borders of the province. But they have failed to clear Shansi of Chinese troops, which are now fighting as guerilla units behind the Japanese lines.

"The Japanese forces in the Shansi campaign have failed to accomplish their objective in annihilating the Chinese forces in the province or driving them into Shensi and Honan, on the west and south banks of the Yellow River, because their officers have underestimated the fighting strength of the Chinese."

This opinion was expressed in Hankow March 15 by General Hsu Pei-keng, Chief of the Intelligence Department of the Generalissimo's Headquarters and formerly Commander-in-Chief of the Chinese air force, in an interview with pressmen.

Analyzing the military situation with elaborate war maps showing the positions as well as strength of the Chinese and Japanese forces operating at present in the provinces of Shansi, Suiyuan, Honan, Shantung, Kiangsu, Anhwei and Chekiang, General Hsu, who received his military training in Germany, explained that the Japanese were employing altogether twelve divisions in their North China campaign.

These comprised three divisions in Shansi, three divisions on the Peiping-Hankow Railway, three and a half divisions in Shantung, and two and a half divisions in Suiyuan. In addition, the Japanese, General Hsu continued, were employing three divisions on the southern section of the Tientsin-Pukow Railway front and six divisions in Shanghai, Nanking, Wuhu and the Hangchow area.

Drive Down Tientsin-Pukow Railway Resumed

Japanese forces in the northern section of the Tientsin-Pukow Railway, in Shantung Province, have resumed their southward drive in three columns, *Reuter* reported from Hankow.

The centre column has moved down along the Tientsin-Pukow Railway towards Chaiho, between Tenghsien and Tsouhsien, aided by aircraft, tanks and artillery.

Another Japanese column has attacked the Chinese left wing, west of the railway, in the vicinity of Shihchiang.

The third column, operating east of the railway, is attacking Hsiangshan, Puyangshan and Lungshan.

One company of Chinese troops, which was defending Huangshan, was wiped out. The fighting has been especially severe on the railway front.

The east-bound trains on the Lunghai Railway are, at present, only running to Hwaying, one station west of Tungkwan, due to the shelling of Tungkwan by Japanese artillery.

Chinese forces in Shansi, along the Tungpu Railway, are engaging the Japanese forces in eight different sectors. These sectors stretch from Hsinkou, in north Shansi, on the north bank of the Yellow River, opposite Tungkwan.

The fighting between the Chinese and Japanese forces on the Yellow River, however, is at present confined to an exchange of artillery fire at Fenglingtu, Juichen, Pinglu, Maotsuintu, Menghsien and Wenhsien.

ITALIAN SARCASM

Il Travaso, Rome.

"Do these cannon recoil much?
"Rather! After each firing we have to retreat at least fifteen miles."

Typical Mongolian youths, now said to be enlisting in the 8th Route Army for opposition to Japanese in Shansi and Shensi.

Army Units Active in Lake Tai Area

Assisted by naval aircraft, Japanese army units were engaged in large-scale "mopping-up" operations in the Lake Tai area last week-end, the headquarters of the Japanese Expeditionary Force in Central China announced March 14.

The Kuranaga, Takamori and Hoshi units, the statement said, on Sunday began extensive operations on the east and west sides of Lake Changtang, south of Kintan, and were continuing their activities. The Ishii, Tagami and Taketa units, which launched their operations on Saturday, were said by the statement to be clearing the area between Lakes Tai and Ke, southwest and west of Wusih respectively, of isolated Chinese units. Still another unit, having completed mopping-up operations on the island of Machishan, on Lake Tai, entered the area west of the Lake March 13, the statement said.

Sian Air Base Raided

Japanese Army planes raided the Chinese air base at Sian, capital of Shensi Province, on Monday and destroyed hangars, barracks and other buildings. No Chinese planes took to the air to engage the raiders, *Domei* reported from Peiping.

As a result of a series of attacks by Japanese Army planes during the past week the Chinese air base at Sian was believed to have been virtually destroyed. In raids on March 8 and March 11 more than 20 Chinese planes were shot down or destroyed on the ground.

Peiping Palace Museum Board to Be Reorganized

The Peiping Provisional Government is planning to reorganize the Board of Directors of the Palace Museum, according to a *Reuter* report on March 6. The report stated that all the members of the Board, excepting Chu Chi-chien had gone South, including Dr. Tsai Yuan-pei, Ma Heng, director, and others. It was stated that the Museum had not received any allowance from the National Government since the outbreak of the war, but was now receiving a small sum monthly from the Provisional Government.

Eighteen "Rightist and Trotskyists" Sentenced to Death

Eighteen members of the Rightist and Trotskyist Bloc were given the death sentence by the Military Collegium of the Supreme Court March 13 in one of the most significant trials for treason in Soviet history.

Of the 21 accused, only three escaped the death sentence. They are:

Rakovsky, former Soviet Ambassador to London, who received the sentence of 20-year imprisonment;

Pletniev, leading heart specialist, accused of conspiracy and poisoning of Maxim Gorki, who was given a sentence of 25 years; and Bessonov, who was given 15 years' imprisonment.

During the final scenes of the trial, Bukharin, former editor of the *Izvestia*, the official organ of the Central Executive Committee of the U.S.S.R. and the All-Russian Executive Committee, and former President of the Comintern, delivered a 90 minute speech.

In his speech, which was one of the most brilliant self-defenses in the trials, Bukharin, although he admitted full responsibility for the crimes for which, he said, "I deserve shooting ten times" was the only one of the defendants to protest against the trial pedurocre.

Bukharin accused Vishinsky, the prosecutor, of introducing allegations not mentioned in the preliminary investigations.

He then delivered a stirring appeal to the western intellectuals not to misunderstand the Soviet conditions, declaring that he had already confessed and expected adequate justice from the Soviet Court.

Yagoda, former head of the OGPU, the dreaded Secret Police, and former Commissar for Internal Affairs, also reiterated his confession but pleaded that his life be spared.

In a final appeal before the judges, Rakovsky, former Soviet Ambassador to London, said that his only regret was that Trotsky was not there to share in the responsibility for "his heinous crimes."

The other defendants, in their final speeches, cursed Trotsky and Bukharin and asked that Bukharin be given the severest penalty.

They all said that they confessed because they wanted to help the Soviet Government get rid of enemies and also wanted the trial to serve as a warning to their friends and followers, not under arrest, to cease their struggle against the State.

Among the 18 men sentenced to death are:

Yagoda, former head of the Secret Police and former Commissar for Internal Affairs;

N. I. Bukharin, former editor of *Izvestia*, the official organ of the Central Executive Committee of the U.S.S.R. and the All-Russian Executive Committee, and former President of the Comintern;

Grinko, Commissar for Finance of the U.S.S.R.;

Krestinsky, Assistant Commissar for Foreign Affairs;

Rosengoltz, Commissar for Foreign Trade;

Rykov, successor to M. Lenin as Premier of the U.S.S.R. and one of the leaders, in 1929 and 1930, in the development of a "Right Opposition," which led to his expulsion from the Political Bureau.

SECRET AID FOR CHINA

Current History, N. Y.

Soviet-Japanese Conflicts Overemphasized, Says Chinese Ambassador

Despite the charges and counter-charges hurled at each other by Soviet Russia and Japan, those who have closely followed Russo-Japanese diplomatic developments in recent years cannot help but admit that there is still a great possibility for a temporary Russo-Japanese accord, according to Dr. T. F. Tsiang, Chinese Ambassador to Moscow who is now home on furlough, *Central News Agency* reported from Hankow March 4.

Ambassador Tsiang does not deny the fact that frequent conflicts have occurred between the Soviet Union and Nippon. But since Sept. 18, 1931, when the Manchurian incident broke out, diplomatic crises between the two countries have thus far been successfully averted.

For instance, the transfer of the Chinese-Eastern Railway by Russia to Japan has eradicated one of the fundamental causes of Russo-Japanese friction, and the prolongation of the Russo-Japanese Fisheries Pact for another year has brought about a temporary compromise.

"As far as I know, diplomats of both countries are still trying their best to avoid an open Russo-Japanese conflict," says Dr. Tsiang, an acknowledged authority on Chinese diplomatic history.

Before Dr. Tsiang was appointed Chinese envoy to the U.S.S.R. in the fall of 1936, he visited Russia and Europe in 1934 to study Sino-Russian relations. After a one-and-a-half-year stay in the socialist republic as China's envoy, he is convinced that the Soviet Union stands for peace. In contrast with capitalist nations, Dr. Tsiang says, U.S.S.R. has the least conflict of interests with other countries. She is busily occupied in internal reconstruction. Possessing vast natural resources within her boundaries, she neither has to expand her market nor secure raw materials abroad.

Soviet Russia has no territorial designs on other nations, the ambassador adds. On the other hand, she fears no invasion from her western and eastern neighbors. Nations bordering her western frontier are militarily too weak to assume the aggressive, while in Asia—with the exception of Japan—China, Turkey, Persia and Afghanistan are all engaged in national rehabilitation work.

Her conflict with Germany is only ideological in nature, Dr. Tsiang continues. Although there have been verbal battles between the leaders of both countries in public, the ambassador says that the fact remains no conflict of interests exists between the Reich and the Soviet Union.

In the first place, the territories of the two countries are separated by Poland, Czechoslovakia and Rumania. Germany cannot attack Russia and likewise Russia cannot invade Germany.

In the second place, there is a close commercial bond between the two. Germany supplies an annual business credit of 300,000,000 marks to Russia.

Turning to the recent set-up in Europe, Ambassador Tsiang says that the danger facing the Old World lies in the division of the powers into three ideological camps: Liberalism, Fascism and Communism. The world's intellectuals agree that a head-long collision between the Fascist and Communist blocs is inevitable. The much-talked-of open conflict between the two groups has only been delayed through the prudent attitude taken by the democratic powers.

According to observations made by Dr. Tsiang, who came back to China last month by way of Europe and Annam, "Communismphobia" is prevailing among Occidental. If they were forced to choose between Communism and Fascism, majority of the Europeans would most likely prefer the latter.

Referring to the frictions between England-Germany, England-Japan, England-Italy, France-Germany and France-Italy, Dr. Tsiang says that they are caused by political and economic factors, and that is why the situation is so serious. "Germany and Italy are dissatisfied with the status quo, because it is too favorable to England and France."

In view of the losing influence of the League of Nations and the failure of the collective security system, Dr. Tsiang reveals, there is a strong sentiment in England and France for achieving temporary security. Advocates of this school know that to forsake the League in order to achieve security must be temporary in nature, yet they believe that temporary security is better than insecurity. From the Chinese standpoint. European insecurity is detrimental to China.

Soviet Captain Indicated in Hakodate

Ignoring Moscow's threats of retaliatory action, the Hakodate Procurators' Office March 11 indicated the master of the Soviet s.s. Kuznetstroy, on charges of steering his ship into the Tsugaru fortified zone, *Domei* reported from Tsugaru.

The 2,926-ton vessel entered the forbidden waters off southern Hokkaido on Feb. 19. Detained by the Hakodate gendarmes, the captain said he entered the zone because of a severe snowstorm.

The procurators took the action despite an official notification served on the Gaimusho by M. Michael Slavutsky, Soviet Ambassador, that reprisals are being considered.

Strong representations against the continued detention of 56 Japanese nationals and nine fishing vessels by the Soviet authorities in the maritime province were filed with the Moscow Government on March 5.

Special Supplement to the China Weekly Review

DESTRUCTION IN CHINA

EXTENT OF WAR'S DESTRUCTION IN CHINA

Industrial, Commercial and Residential
Chinese Colleges and Universities
Civic and Cultural Structures
Christian Educational Centers
Mission and Religious Buildings

HOW THE CONFLICT INJURED SHANGHAI

Foreign Commerce Throttled
Scrap Iron, Machinery Removals

CHINA'S RETALIATION IN TSINGTAO

ACTUAL EXPERIENCES UNDER JAPANESE BOMBARDMENT

SHANGHAI, CHINA, MARCH 19, 1938 - - - PRICE OF SUPPLEMENT, 30 CTS.

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WHO WILL PAY THE LOSS?

IT probably would require an international commission made up of the world's best accountants to give any correct idea of the extent of China's losses resulting from the Japanese intervention and "undeclared war" which has been in progress for nearly nine months and still shows little prospect of cessation.

Estimates of losses range all the way from $350,000,000 to a billion gold. One authority placed the total loss at a billion gold of which it was claimed $600,000,000 was insured, half underwritten by American companies, with a considerable portion reinsured at Lloyds of London.

This supplement, fourth issued by *The China Weekly Review* dealing with various phases of the crisis, is the first serious attempt on the part of any publication here to estimate the extent of the losses which China has suffered as a result of Japan's *present piratical adventure* on the continent. We italicize the words because Nippon's warlords have not had the courage to regularize their activities by a formal declaration of war. But they may do this later in a desperate attempt to legalize their seizure of Chinese properties.

It is quite obvious that the Japanese do not possess the resources to carry their conquest of Chinese territory through to a logical conclusion. Even in North China, under the shadow of the puppet state of Manchukuo, Japanese financiers have shown little enthusiasm for investing in the innumerable schemes prepared by the so-called economists connected with the Imperial Army. These economists, or Japanese "brain-trusters," make one dizzy with their figures about the billions of tons of unmined coal and iron and gold and oil which await the magic touch of the Japanese commercial and industrial enterpreneurs. They seem to think all that is necessary is for the Japanese Army to crack the whip and millions of Chinese coolies will line up for work in the mines and on the vast cotton plantations which the Japanese announce they are going to establish.

When the Kwantung branch of the Imperial Army seized the Manchurian provinces seven years ago, the capitalists of Japan had plenty of money and since there was much enthusiasm for the program of creating a "paradise" in Asia, they invested liberally in railway construction and harbor development projects and in industrial enterprises which the Army authorities said were necessary for defense purposes. These investments are said to have exceeded a billion yen and the expenditure of the large sums is said to have created a certain measure of prosperity in the new state.

But the plains of North China and Inner-Mongolia were too inviting and too closely linked with Manchuria to be ignored, so the Army decided to take that territory too. And then there was the expensive Shanghai interlude which required a lot of money, so much in fact that the bond-buying capacity of the Japanese people has reached its limits. The ten-billion yen bond issue limit for the nation has long since been exceeded.

Previously the Japanese were able to finance their war from the profits of their expanding foreign trade; but the depression in the United States, plus boycotts of Japanese goods and shipping which are springing up in various quarters of the world, have caused Japanese trade to recede in world markets. This is indicated in the extreme difficulty which the Japanese are having in financing their cotton purchases in the United States. It is also indicated in the desperate attempts which the Japanese are now making to borrow money in New York and London on every possible type of security ranging from munition plants in Manchuria to railways, cotton mills and other enterprises located in North China, Inner-Mongolia or the Yangtsze Valley. Most of these enterprises have been seized from Chinese owners.

After the war had been in progress for several months and the Japanese were beginning to feel the pinch, due to increasing taxes and higher prices of commodities due to currency inflation, the military leaders announced that China would be compelled to pay the cost of the war in the form of a vast indemnity. But China's inability to pay is now obvious to the whole world even to Japanese warlords or politicians.

This answers the question in the heading to these paragraphs, "Who will pay the loss?"

After causing indescribable loss and destruction of property and human suffering, the Japanese would now have the United States pay the bill in the form of loans to Japan!

INDUSTRIALLY-CRIPPLED CHINA—RECIPIENT OF A 'MADE IN JAPAN' EARTHQUAKE

Shanghai, Receiving Brunt of Sino-Japanese War, Has 1,000 Factories, 100,000 Retail Shops Destroyed

WHAT is the extent of China's war damage? Who will pay for China's war losses?

To have her rural towns and villages devastated by war was no novelty in China, for a considerable period after the 1911 revolution when the Manchu Dynasty was overthrown, China experienced much devastation as a result of civil wars in the central and northern provinces extending over a period of about one decade.

But all of that wreckage was quickly cleared away in the ensuing years of peace. It was a common saying that the Chinese people only required a year of peace and a couple of good crops to get back on their feet. The reason for this was that China was largely agricultural and her villages and towns outside of the foreignized ports were constructed of materials available in the district and could be easily rebuilt.

But the destruction resulting from the present "undeclared" war is an entirely different matter. This time the devastation struck not only the industrialized port cities; particularly Shanghai, but has literally spread over the entire land leaving scarcely a single city or town intact.

Since all central government organs at Nanking and the records of provincial and municipal organs in the coastal regions have been destroyed or transported inland, it is impossible to arrive at any accurate figure in regard to the extent of loss. Also, it is unnecessary to record, that these losses are continuing because every trip of a Japanese airbomber results in further damage somewhere, if only a large hole in the center of some farmer's field of wheat, cotton or *kaoliang*.

In addition to property losses caused by airbombs or incendiary fires, there has been the loss suffered by farmers through inability to harvest their crops. For example, in the lower Yangtsze delta where Chinese and Japanese troops battled for many weeks, Chinese farmers were forced to evacuate before the cotton crop could be harvested.

Thousands of acres of cotton in China's best cotton producing districts were never harvested. On a recent trip through this district, the writer saw vast fields of cotton extending over an area—at least twenty-five miles square, which had been completely abandoned.

The bare brown stalks, which the Chinese always pull up and carefully store for fuel, were standing stark in the autumn wind which was blowing the cotton about on the ground. What the amount of this particular cotton loss would be is beyond the writer's ability to estimate. Numerous cotton mills, from the primitive hand spindle and loom variety to the most modern mills, in times of peace, depended upon this cotton supply. Now even many of the mills have been destroyed.

Probably the most accurate estimate of destruction of factories in the Shanghai area was contained in the statistical reports of the Industrial Section of the Municipal Council of the International Settlement. A preliminary report published in the January 7th issue of the *Municipal Gazette* stated that the number of factories and workshops destroyed in the northern and eastern areas of the Settlement alone was 905, which ordinarily provided employment for a normal number of workers estimated at 30,868. These factories, according to the report, were totally destroyed by fire. In addition, it was estimated that there are possibly some thousand other factories and workshops, large and small, whose premises have been damaged, more or less seriously. The report said "it is not possible to state the condition of these factories and workshops, but it is known that in some of the larger mills, machinery has been rendered useless and would require replacement before the mills could resume work. Evidence of disturbance and looting of factory premises is common. It is therefore assumed that none of these thousand plants could recommence operation."

WHILE many foreign-owned properties in the Shanghai International Settlement and French Concession were damaged, some of them seriously, it is nevertheless a fact that virtually only foreign-owned industries are in a physical position to resume operation. In this connection the term "foreign" is used to refer to Americans or Europeans. Japanese industry, here and elsewhere, has also suffered severely from the war. Japanese losses at Shanghai, including two large cotton mills, were enormous. But more on the subject of Japan's losses, including North China, later on. But foreign factory owners, even though the mills may have escaped destruction, will experience considerably trouble in resuming for in most cases the homes of the workers located in the factory area, Shanghai's vast slum district, have largely been wiped out.

It should be noted in this connection that figures referring to losses in the industrial area of the International Settlement only covers a portion of the destruction here because even the larger section of the industrialized Chinese administered areas were likewise destroyed. This includes the large section known as Chapei, many sections of which had not yet recovered from the Sino-Japanese hostilities of 1932 which only lasted for a month, but which caused losses estimated at $1,483,461,854 (silver dollars) equivalent to U.S.$494,487,284. This estimate was based upon a survey made by the Shanghai General Chamber of Commerce, the Association of Chinese Chartered Accountants and the Bureau of Social Affairs of the Shanghai Municipality of Greater Shanghai.

Then there is another section which included the old picturesque former walled city area of Nantao. This is where Shanghai started, goodness knows how many centuries ago. The wall has long since been torn down, but many parts of the old city, including what is now known as Nantao bordering on the French Concession, have been destroyed. The damage here includes thousands of small enterprises, but also several large governmental enterprises including the famous Kiangnan Dock and Engineering Works, which built the American gunboats used by the United States Navy for patrol purposes on the Yangtsze. The U.S.S. Panay was built there and during the shipbuilding boom, during and following the World War, Uncle Sam also built some

steel cargo boats here, which were said to have been the best ever built anywhere. The Kiangnan Dock property was largely destroyed and in additional several acres of small shops and homes of workers were completely levelled.

Another plant containing American machinery was reduced to a mass of wreckage, a large factory for the manufacture of industrial alcohol which enjoyed a monopoly of production in this field in Central China. Many columns would be filled with lists of fully or partially destroyed industrial establishments. The list in the *Municipal Gazette* will give some idea of the estimate.

Type of Enterprise	*Number known completely destroyed*	*Numbers of workers formerly employed*
Woodworking	23	792
Furniture Manufacture	2	44
Metal Industry	72	1,241
Machinery and Metal Products	410	6,219
Vehicles	3	33
Bricks, Glass	8	405
Chemicals	49	564
Textiles	136	4,687
Clothing	44	3,476
Leather, Rubber	19	556
Food, Drinks, Tobacco	40	10,278
Printing, Paper, etc.	75	1,649
Scientific and Musical Instruments	3	140
Other Industries	21	784
	905	30,868

One can only make a wild guess at the average value of these manufacturing establishments, the greater variety of which were comparatively small and employed a limited number of workers. The manager of an American machinery house in Shanghai which supplied a great many of these plants informed the writer that these factories would probably run from U.S.$5,000 to $1,000,000; for example, the losses of the Nanyang Tobacco Factory, which previously used large quantities of American leaf tobacco, amounted to U.S.$660,000, covering the main factory buildings which were entirely destroyed. Then there is the matter of losses suffered by retail establishments and here again it is largely a matter of speculation. The officials of the Tax Department of the International Settlement think that a minimum of 100,000 retail shops have been destroyed and this also includes the homes and personal properties of most of the proprietors, who usually lived in rooms above the shops. Acres and acres of these little Chinese shops have either been destroyed by fire, air bombed or shelled by artillery or they were looted of their contents. One can drive through street after street in the Hongkew, Yangtszepoo, Chapei and Nantao districts and observe destruction on both sides extending for vast distances. Literally it seems that the wreckage extends for miles. In 1932 an area about a mile wide and two miles long was largely wiped out, but this time it seems that practically nothing escaped in an area estimated at more than three miles square. In many cases the destruction is practically indescribable. For example, hundreds of retail shops with living quarters above, located in the vicinity of the Administration Building of the Shanghai-Nanking-Hangchow Railway were so completely wrecked by continuous air bombardment that scarcely one brick was left standing on another.

A Japanese visitor from Tokyo who accompanied the writer on a trip through this area was speechless with astonishment and only managed to catch his breath and exclaim: "Just like our earthquake." What he referred to was the devastating quake which almost wiped out Tokyo and Yokohama in 1923 and caused a loss estimated at Yen 5,500,000,000 or about U.S.$2,750,000,000. But the man-made earthquake which struck Shanghai was far more devastating than that wrought by Nature in Japan's capital and leading port fifteen years ago.

THE Tokyo earthquake and fire of September 1, 1923, provides the best standard for estimating destruction in the Shanghai district. For example, the number of houses destroyed or partly destroyed in Tokyo and Yokohama numbered 702,443. The population of Tokyo and Yokohama at that time was about 3,000,000 or approximately that of greater Shanghai at the time of the Japanese intervention. Japan's total losses from the quake and fire as estimated by official organs in Tokyo amounted to Yen 5,500,000,000 or U.S.$2,750,000,000. The cost of rebuilding Tokyo alone, largely supplied by loans obtained in the United States, amounted to G.$369,500,000 or Yen 739,000,000 at the normal rate of exchange of two Yen for one U. S. dollar. (present rate, U.S.$1. equals Yen 3).

Estimates of losses suffered by the Chinese as a result of the Japanese intervention at Shanghai in 1932 were compiled by three Chinese organs: the General Chamber of Commerce, the Association of Chartered Accountants and the Bureau of Social Affairs of the Municipality of Greater Shanghai. Of these three organs, the Bureau of Social Affairs of the Chinese Municipality discontinued its activities following the occupation of the Shanghai district by the Japanese army. The other organizations, being unofficial, are still in existence but not functioning normally because of the restrictions on Chinese residents of the foreign settlements. It is therefore difficult to obtain accurate estimates from Chinese sources of losses suffered by Chinese interests.

Foreign real estate men in Shanghai have attempted to estimate the extent of destruction as applied to purely Chinese style houses, which are more or less standardized from the standpoint of size, method of construction and rental value. For example, a two-story Chinese house with shop on ground floor and living quarters above would cost from $1,500 to $2,000 local currency, the equivalent of U.S.$450 to U.S.$600, to construct. A three-story house containing shop on the ground floor with living quarters above and a bathroom would cost from $3,000 to $5,000, local currency, or the equivalent of U.S.$900 to U.S.$1,500. The average cost would be approximately U.S.$1,000. The number of houses of this type which were destroyed is impossible of estimation, but reports in the local newspapers have ranged all the way from 100,000 to 250,000 in the various Shanghai districts. It is worked out in this manner: Chinese style houses usually run from 8 to 12 or an average of 10 to the mow and there are 6 mows to an acre. That would mean 38,400 houses to the square mile of 115,400 in an area of three square miles, which is generally regarded as the territorial extent of devastated territory in the four sections of Shanghai which were hardest hit—Hongkew, Yangtszepoo, Chapei and Nantao.

Using the figure of U.S.$1,000 as the average cost of a Chinese house, the total value of destroyed Chinese houses would be considerably in excess of U.S.$100,000,000. One American real estate man in Shanghai put the figure at U.S.$112,426,660. But this, of course, is only a guess and does not cover all the destruction as many sections are not included, such as the industrialized section of Pootung, the Kiangwan area, Lunghua in the vicinity of the Municipal airport and Chenju, where the government radio plant was located, both of which were destroyed. Chinese sources estimate that losses in the Shanghai district generally were three times as great as the losses in 1932, as stated in the foregoing, which were placed at $1,483,461,854 or U.S.$494,487,284 at the standard rate of exchange of three Chinese dollars for one American.

The enormity of the destruction paralyzed the city's normal activities. Shanghai, including all foreign and Chinese areas, ordinarily had a population of about 3,500,000, similar to that of Chicago. But there is no city in the United States which compares with Shanghai from the standpoint of this city's peculiar position in China's foreign trade. Prior to the outbreak of the war, Shanghai controlled 59 per cent. of China's foreign trade. As a result of the hostilities, the percentage dropped to about 26 per cent.

LOSSES suffered by public utilities provided further indications of the paralysis which struck the city. For example, the "load" of the Shanghai Power Company was only 27% of the seasonal normal at the end of 1937 after six months of war. Sometime before the outbreak of the trouble the company had ordered a new 15,000 kilowatt high pressure, high temperature unit which was to be completed before the autumn of the present year in order to take care of the increased demand for its product. The company had also constructed extensive new transmission cables. But the devastating war caused a sudden drop in the company's average "load" demand from approximately some 125,000 kilowatts to approximately 20,000.

Another public utility, the Shanghai Gas Company, a British concern, suffered a decrease in output amounting to 42% of normal output. A local bus company which normally operated about 150 buses in the International Settlement was only able to operate about 90 and its receipts were only 50 per cent. of normal. Half its franchised lines were cut off in Japanese occupied sections of the city. The tramway company, also a British concern, was restricted to 40% of its track mileage and its receipts in the month of October dropped to 25% of normal. Automobile hire services reported their activities reduced to 35 per cent. of normal with fares amounting to only one-fourth the normal income. The telephone company, a subsidiary of International Telegraph and Telephone, Corporation reported a net loss of 10,525 telephones or 18.8% of the normal number of telephones in service on December 31, 1936. The company lost 25 pay stations while the number of calls dropped from 9,956,000 in July to 6,426,000 in November (1937), a drop of 35%. The company also suffered a serious setback in its out-of-town long-distance business which has completely disappeared, excepting overseas service. Previously, the company operated extensive long-distance connections with forty or fifty cities and towns in the outlying areas. All have been cut off including an extensive service between Shanghai and the national capital at Nanking, which is now entirely dead. The traffic had grown to such dimensions before the war that work was about to be started on the construction of an underground cable from Shanghai to Nanking, a distance of about 200 miles.

The Shanghai Waterworks, a British concern, suffered less apparently than the other utilities from the standpoint of water consumed; the drop being only 2.7% for the year. But the company's business in the last five months of the year dropped 13.5% as a result of the hostilities. This company, as well as the telephone company and other utilities, also suffered serious losses in equipment. A note at the end of the waterwork's report said that considerable water was wasted as a result of fires! These reports of public utilities give some idea of what a war can do to a large municipality such as Shanghai, where it was estimated that no less than 3,000,000 people of the industrial sections of the city and villagers and farmers in the environs of the city were dislodged from their homes while other vast uncounted numbers lost their lives in the flight for safety. Hundreds of thousands flocked into the city while other hundreds of thousands fled into the interior of the country.

THE destruction in Shanghai has been duplicated in innumerable towns and villages of the Shanghai delta region of which Shanghai is the chief city and metropolis. Within a radius of 100 miles from Shanghai there are no less than twelve large cities with an aggregate population of 5,000,000. All of these cities have suffered extensive war damage, not to mention the losses of smaller towns and villages in the area. For example, the industrial city of Wusih, located about 100 miles northwest of Shanghai, contained a population of 900,000. Its manufacturing establishments suffered heavy damages or complete destruction as a result of Japanese air-bombing operations. Losses included the destruction or serious damage to several flour mills, one cotton mill, one power-plant and a highly modernized silk filature which produced the finest grade of silk hosiery yarn for the American stocking trade. Another town, Kashing, located in the center of an important silk producting area in Chekiang province with 450,000 population, was devastated and completely evacuated. Another town, Sungkiang, about 25 miles from Shanghai, with a population of about 200,000, was almost wiped out. The city of Soochow, a rich and conservative metropolis located about fifty miles from Shanghai, suffered a drop in population from 350,000 to less than 500 people when the Japanese occupied the walled area.

A resident of Shanghai, who recently traveled by motor-car from Shanghai to Wusih, passing through Taitsang, Changshu, Soochow and Quinsan en route, described conditions in the countryside to the following effect in the course of an article in the *North-China Daily News*:

"Nearly all villages near the road are burned or destroyed by bombing. Not a single chicken, duck or goose was seen during the entire trip. Farmers were working in the fields and numerous parties of country people under Japanese military overseers were mending the roads. All destroyed bridges have been restored.

"Just before reaching Wusih, the road passes through the once busy market town of Toongding. This town shows the most appalling destruction. There is hardly a house standing. A few people were seen picking among the ruins for the salvage of such articles as had escaped fire and shell.

"At Wusih the northern suburbs for a mile were burned, as well are cotton mills, excepting one. Many silk hongs and warehouses suffered a similar fate. Hotels, shops, godowns and residences in the area between the railway station and city wall were destroyed. The railway station and city wall were destroyed. The railway stations and freight godowns are in ruins. Telephone and electric wires are down.

"On entering the city the same destruction is to be noted. It is estimated that at least half the buildings in Wusih have been burned. This includes all of the shopping district from the center of the city to the north gate and from the north gate on out to the long iron bridge which spans the Grand Canal, on the road to Weishan. The long street which runs parallel with the Grand Canal, south of the city, for a distance of a mile has been burned on both sides. This city, which was once a great manufacturing center and grain depot, lies prostrate."

Figures alone can give no adequate idea of the extent of the destruction in the Shanghai district or elsewhere. But they do give some idea of the magnitude of the problem of reconstruction, which, as now generally realized, has become a world problem rather than a Sino-Japanese or Far Eastern problem.

The following table of estimated losses compiled by an American, long-experienced in trade and commercial activities in the Far East, is generally regarded as authoritative and as nearly an accurate statement of the situation as obtainable at this time:

Losses of industrial plant, equipment and property	yuan	350 million
„ „ other property	„	200 „
„ „ profits on yuan 250 million of import trade dropped in last 5 months of 1937	„	12.5 „
„ „ profits on yuan 10 million of export trade dropped in last 5 months of 1937	„	5. „
„ on the shut-down in domestic industry and trade in the last 5 months of the year, possibly 8 times the losses of foreign trade	„	140 „
„ on stocks of steel and iron and of scrap metal being taken away	„	13.4 „
„ on charges and extra freights on 150,000 tons of Shanghai-bound cargo diverted to other ports and on adjustments in settlement of accounts	„	12.5 „
„ of local contributions to refugee relief	„	1. „
Possible losses of goods destroyed or looted from warehouses in Hongkew and Yangtszepoo	„	50. „
Possible losses of household effects, general merchandise stocks, store fixtures, window glass, etc. etc. by looting and breakage in undestroyed properties in combat sections	„	50. „
Losses in freight haulage revenue in Shanghai shipping companies on unshipped exports abroad and on unshipped products of Shanghai industry to interior and coastal points, for five months at possibly yuan 2 million per month	„	10. „
Total	yuan	844.4 million

(Equivalent to approximately $281,466,000 in U.S. Currency)

WHILE foreign owned properties also suffered, the chief loss naturally fell on the Chinese and other interests. Foreign losses have chiefly resulted from the drop in trade and industrial activity, deterioration of properties rather than in actual physical destruction. The Chinese have suffered from both types of losses. The calculations covered in the foregoing table represented only first-hand losses in trade; that is, the importers' or exporters' losses and ignored the losses of wholesale and retail distributors which might be several times the losses of initial transactions. In addition, there have been the extensive losses of premiums to insurance companies on shipments that were not made or additional losses upon cargoes diverted to other ports where high storage charges and freight rates prevailed.

A police report of the International Settlement issued on February 8th also gave some idea of the extent of industrial and commercial paralysis resulting from the conflict.

> "The Sino-Japanese hostilities beginning in August, 1937 brought the local industrial situation to a complete standstill. All factories suspended operations and although accurate statistics were not available, it was estimated that approximately 300,000 laborers were thrown out of employment. Many of them left for their native places when they realized that there was no prospect for resumption of immediate work. Toward the end of August a few Chinese mills within the western district of the International Settlement resumed operations giving employment to some 9,000 hands. By the end of the year 81 factories, employing a total of 27,360 hands, were operating in the protected sections of the Settlement."

It is impossible to give any adequate idea of the relief problem which has resulted from the general war situation. Shanghai and international relief agencies have been taking care of more than 200,000 refugees for many months. There has been only a slight decrease in the number. Aside from those in Shanghai the number dislodged from their homes is staggering from the standpoints of both size and seriousness. It has been reported that fully 30,000,000 people from the coastal regions have left their homes and fled toward the interior of the country resulting in further refugee problems due to the arrival of hordes of penniless travelers at interior places. Even cities, thousands of miles from the coast in provinces bordering on Tibet, have sent appeals for assistance in caring for destitute refugees in their districts. There are said to be nearly 2,000,000 women and children, in destitute condition congregated along the Grand Canal and the waterways of Kiangsu Province north of the Yangtsze River.

The male members of these families have gone to the interior seeking new homes or they have joined the army or labor gangs and have been unable to send for their families which are now cut off behind the Japanese lines. Large numbers of these refugees are gradually trickling into Shanghai and end up in refugee camps.

There are, at the present time, more than 300 refugee camps in Shanghai alone, many of which contain more than 2,000 refugees each. One large refugee camp, a hospital and containing approximately 10,000 refugees, the majority of them women and children, located in a large Chinese university, was forced to move because the Japanese demanded that the university property be turned over to them for the use of a Japanese school. The problem of finding space for these destitute and helpless people is beyond the power of words to describe.

AID FOR CHINA'S MILLIONS ASKED BY AMERICAN PRESIDENT

PRESIDENT Roosevelt, in a recent letter addressed to the chairman of the American Red Cross, asked that organization to tender aid to the distressed millions in China, suffering from the effects of war, the Red Cross Courier, Washington, D.C., reports.

The president, in a letter to Admiral Grayson, the American Red Cross leader, said in part:

"There is, I am confident, a widespread desire on the part of our citizens in every section of the country to contribute to a fund to aid in meeting the extreme distress of millions of civilian people in China. I feel that our people are deeply sympathetic with those in need in this situation and will wish by their voluntary contributions to take some larger part in aiding in this humanitarian task in which the peoples of many countries are participating. The need of the Chinese is evidenced by the fact that when the International Red Cross Committee made inquiry of both the Japanese and Chinese Red Cross Societies the Japanese Society replied that their resources were adequate to deal with their situation and the Chinese stated that they very much needed outside assistance.

"In order to give effect to this desire to aid the people of China it is necessary that some organization be designated to supervise the collection and distribution of the funds, and for such a task we naturally turn to the Red Cross."

Admiral Grayson, following the receipt of the president's letter, issued a statement to all chapter chairmen which said in part:

"In response to the president's request that the American Red Cross take appropriate steps to provide an opportunity to the American people to contribute in relieving distress among the civilian population of China, I am addressing this letter, with the approval of the executive committee of the central committee, to you and to all other Red Cross chapters to ask you to receive such contributions."

UTTER RUIN IN THE WAKE OF A JAPANESE BOMBER

The shambles of a Chapei group of Chinese dwellings. A bomb landed, the crater of which may be seen, and everything within a wide radius was strewn about like a spilled box of matches. Reflected in the pool may be seen the blackened walls of the new Railway Administration building in Chapei which also was destroyed. (Photo by V. F. Meisling in the *North China Daily News*).

CHINESE EDUCATIONAL CENTERS IN RUINS

Destruction by Japanese War Machine of Cultural Institutions Amounts to $20,000,000; Schools Band Together

THE Japanese war machine, rolling southward from Peiping, westward from Shanghai, has left in its path of death and desolation only the skeletons of what one-time were China's most famed and costly universities and colleges. Smashed by bombardment and gutted by fire also are a countless number of middle and primary schools.

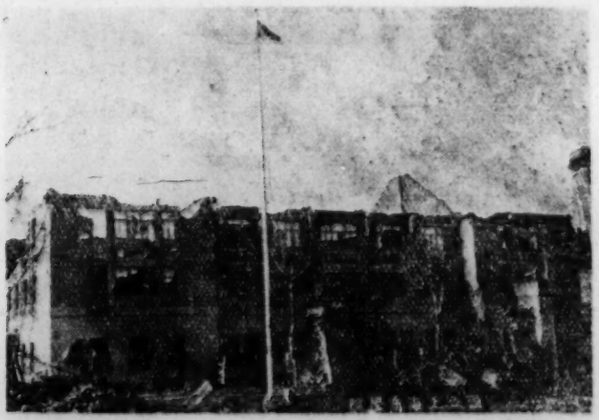
Reports on the amount of damage and destruction so far are staggering. But they are far from complete. Up to the present, figures compiled on the damage to Chinese institutions, including schools and other cultural centers, show a loss of $20,364,803. Of this amount, universities and colleges have suffered to the extent of $15,322,420, while cultural institutions' damage is estimated at $1,860,000. Destruction to primary and middle schools is set at approximately $3,182,383.

It is the contention of the Chinese that the Japanese army is bound to a systematic program of destroying all institutions of higher learning and eliminating occidentalized education in China. Events since the outbreak of warfare last summer appear to bear out this belief. Tabulations of properties partially or wholly destroyed by Japanese bombs allegedly indicate that the destruction of schools has been more than accidental. In the list of known destruction to follow in this story, it may be seen that about 150 institutions have been damaged or completely wrecked.

In only one known instance have the Chinese retaliated. Tung Wen University, a Japanese school long known as the "spy college" was looted and burned by Chinese soldiers prior to the evacuation from the Shanghai district.

China's heaviest loss was suffered in the destruction of Nankai University, at Tientsin.

Writing in the China Quarterly (Fall Number), Y. Y. Tsu, head of the Sociology Department, St. John's University, Shanghai, declares that "the most flagrant



The ruins of what was once the National College of Commerce, Shanghai, destroyed by the heavy guns of the Japanese military. High above the college, a branch of the National Central University at Nanking, also damaged by bombs, is seen the Rising Sun flag of Japan. (Photo by V. F. Meisling in the *North China Daily News*).

example of Japanese 'barbarism' toward Chinese cultural institutions is the destruction of Nankai University.

"Had Nankai," Mr. Tsu writes, "been an isolated case, its destruction might have been accounted for as an accident of war. But there was the repeated aerial bombings of Central University at Nanking. The Chancellor, Lo Chia-lun, in reporting the destruction of the University College of Arts, said: 'This was the fourth time that Japanese planes had bombed the university.' The great Chungshan University at Canton was partly destroyed by Japanese planes. In commenting on it, Chancellor Chou Lu said that the university embraced 300 mow of land with no other buildings in its surroundings and that if the Japanese did not intend to bomb Chinese cultural institutions, there was no reason why they should have subjected it to repeated bombardments.

"We are forced to the conclusion that in all this

The complete wreckage of a Chinese primary school. Again, through the aperture made by a heavy shell, the flag of Dai Nippon is seen rippling. (Photo by V. E. Meisling in the *North China Daily News*).

Japan is following a fundamental policy toward China, namely to crush Chinese nationalism. She dislikes the Chinese universities and colleges intensely because she knows that they are the fountainheads of modern Chinese renaissance. She calls it anti-Japanese spirit."

Following is a list of educational institutions in China which are known to have been damaged or completely destroyed. This report must be regarded as incomplete owing to the inability to make surveys in areas now occupied by the Japanese military.

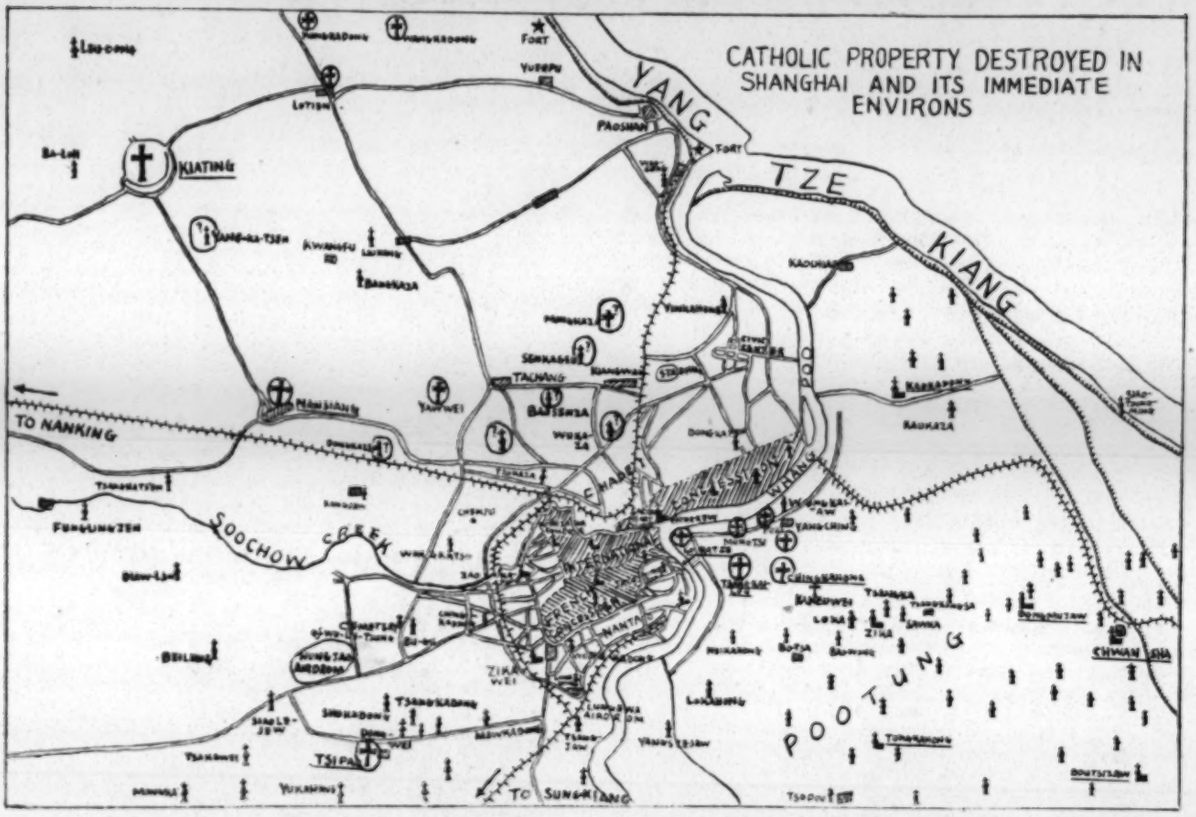
I. Universities and Colleges.

(a) Shanghai

Name	Damage	Loss (M.$)
Great China University	completely destroyed	500,000
National Tung Chi University	" "	1,864,018
National Chinan University	partially damaged	.....
Tatung University	" "	10,000
University of Shanghai	" "	.....
National Music School	" "	171,632
Shanghai College of Commerce	completely destroyed	201,000
Shanghai Law School	" "	210,000
Chen Feng College of Art	partially damaged	.....
Tung Teh Medical College	" "	150,000
Chi Tse College	" "	500,000
Fu Tan University	" "	1,200,000
Mercantile Marine College	completely destroyed	406,760
Tungnan Medical College	" "	250,000
Kwang Hwa University	" "	500,000
(b) Nanking		
National Central University	major portion destroyed	1,000,000
N.C.U. Experimental School	completely destroyed	200,000
N.C.U. Dental School	" "	200,000
(c) Nanchang		
Kiangsi Medical College	partially destroyed	1,000
Nanchang Rural Normal School	major portion destroyed	7,000
(d) Paoting		
Hopei Medical College	completely destroyed	200,000
Hopei Agricultural College	major portion destroyed	150,000
(e) Tientsin		
Nankai University	completely destroyed	5,000,000
Hopei Girls Normal School	" "	696,000
Hopei Technology College	major portion destroyed	755,000
Hopei Coll. Commerce & Law	partially destroyed	100,000
Peiyang Engineering College	" "	300,000
(f) Canton		
Chungshan University	partially destroyed	500,000

(Continued on Page 28)

WAR CRIPPLES MISSIONARY WORK OF CATHOLICS



The above map shows the width and breadth of Catholic influence in Shanghai and its immediate area. Places marked with a cross indicate churches and dependant mission stations destroyed either by bombs or fire. Areas marked by a cross and question mark indicate that church authorities have as yet received no report on the condition of the property.

CATHOLIC LOSSES NEARLY $4,000,000

WITH reports far from complete, known damages to Catholic mission properties in the Shanghai, Nanking and Wusih districts are nearing the $4,000,000 mark. Destruction in the Shanghai area alone, amounted to approximately $2,500,000. These estimates are based upon reports so far substantiated. How staggering will be the war's toll upon Catholic properties when a complete survey is finished, none can say.

Reports which so far have trickled into Shanghai tell of churches, schools and residences bombed, burned or merely containing shell holes. Those which have withstood bombardment have, in most instances, been thoroughly looted. In some cases, priests have been killed and two Chinese Fathers deliberately murdered.

A total of 18 churches are known to have been completely or partly destroyed in the area between here, Nanking and Wusih. The churches destroyed by districts are as follows:

Shanghai District: Three large churches destroyed; three partly wrecked. These figures do not include churches in the northern section of Shanghai, not yet reported.

Minghong District: One church near Changye destroyed; 70 known to have been looted.

Soochow District: Three large churches of total of 58 in this area, destroyed; five known to have been looted; no reports on the remaining 50 properties.

Wusih District: Seven churches destroyed; 71 on which no reports have yet been received.

Nanking District: In Nanking, main church looted, otherwise unharmed; of 27 churches in Nanking area, one church at Chinkiang destroyed. There is no news available of the fate of other churches in this vicinity.

Quinsan District: At village near here, church residence destroyed; church unharmed.

Churches devastated in Shanghai and its immediate environs are located at Ka-Keu-Wei, Ching-ka-hong, Tsang-ka-loh, Mung-tsi, Fu-ka, and a church east of Fu-ka; at Tsi-pao; Nae-ziang, Yaw-wei, Ka-ding, Kong-ka-dong, Lotien, and Wang-ka-dong.

The large cathedral at Tsingyang, south of Kiangyin, was burned and a Chinese priest killed. A costly church, located at Chang-king, was burned the day after a Chinese priest was murdered while protecting a group of women. In this particular instance, the modern school and residence adjoining the church was also destroyed. That the slaying of the priest and the destruction of property was deliberate has been fully substantiated. The loss is estimated at more than $50,000.

In Nanking, the Catholic mission, covering an area of about one and one-half city blocks and including two schools, escaped bombs, but has since been thoroughly looted.

Ricci College, a Nanking middle school for 150 students, suffered the following damage: one building was bombed three times, another burned and the remaining two looted. The residence next to the Youth Building, under construction, was looted and most of the building materials stolen.

Neither burned nor damaged was the residence of the Franciscan Sisters, located within the refugee zone. The church of the Hsiakwan Mission, outside of Nanking, is intact except for looting and the burning of its shops.

In addition to the heavy losses suffered in the destruction of churches, Catholic authorities are facing

(Continued on Page 28)

FOREIGN MISSION LOSSES ARE HEAVY

FULFILLING the legend of China's famed recuperative powers, Christian universities and colleges, under foreign auspices, are carrying on an uninterrupted schedule of educational work despite heavy losses suffered through the Sino-Japanese conflict. Of the 13 Christian institutions in China, besides several separate professional schools of medicine and theology, 12 are operating, according to a statement issued to the **China Weekly Review** by E. H. Crissey, secretary of the China Christian Education Association. Cheeloo University at Tsinan, is the one exception, the university being closed temporarily. However, its medical school has been transferred to Chengtu where it is operating.

The University of Nanking has removed to the campus of the West China Union University at Chengtu, while Ginling College, Hangchow Christian College, St. John's University, the University of Shanghai and Soochow University are caring for students at temporary quarters in Shanghai. The remaining six colleges are still operating on their own grounds.

Student enrollment, however, has been nearly halved. Registration has fallen from 7,098 to 4,000 at opening of the fall semester.

"This means," Mr. Crissey's statement declares, "that approximately 3,000 college students who would normally be in our colleges are either widely dispersed as refugees or in their own homes or in the army.

"All of the colleges are on a reduced basis not only to student body but as to curriculum and staff. Many reductions of the staff have been made and the salaries of the remaining staff reduced. This means that at the least one or two hundred faculty members are out of positions and, in many cases, are refugees.

"The plants of Nanking, Ginling, Soochow, Hangchow and Shanghai have been damaged to a slight extent. The equipment has suffered greatly. The faculty houses on a number of campuses and in the vicinity have been thoroughly looted so that a large part of the faculty members have lost all their possessions. It is not yet possible to indicate the losses to plant and equipment. The one exception, however, is the Women's Christian Medical College in Shanghai which came thorough the period of fighting untouched. It was, together with its hospital, occupied by Japanese troops who in a three-week period of systematic breakage and looting brought about the loss of equipment, carefully estimated in detail, of M.$150,000.

"Parents of many students have lost a large portion —in many cases all—of their possessions and are unable to pay tuition. Students, therefore, cannot continue their education. . . . All Christian schools anticipate that this financial situation will grow worse. We depend to a considerabe extent upon tuition, and this will result in further curtailing of program."

President Herman Liu, of the University of Shanghai and the Downtown School of Commerce, reports that the destruction of universities has brought about an eager quest for education in Shanghai. Now operating here are more than 100 night schools, with large enrollments. Most of them have sprung up since the hostilities. The evening class at the Downtown School of Commerce has an enrollment of 400 pupils, while the Pootung Guild Hall is teaching 3000 youths. Besides the regular curricula, students of the Downtown school are studying relief problems. The Social Service group has taken over a refugee camp at Foochow and Fukien roads, and is providing 650 refugees with food, shelter and an educational program.

Concerning the universities, Ginling College is now located at 133 Yuen Ming Yuen Road; Hangchow Christian College, 128 Museum Road; University of Nanking, 169 Yuen Ming Yuen Road; University of Shanghai, 209 Yuen Ming Yuen Road; Soochow University, Moore Memorial Church; St. John's University, Continental Emporium Building. In the case of St. John's and Shanghai University, a joint library and laboratory is maintained at the Continental building.

Noticeable change in the universities' joint catalogue is the addition of Beginning Japanese to Soochow University's courses.

Among the Christian organizations who are believed to have suffered heavily through destruction of property or inability to carry on work owing to Japanese occupation or by reason that the property is in the war zones are the American Baptist Foreign Mission Society, the American Bible Society, Baptists Foreign Bible Society, the American Bible Society, Baptists Foreign Bible Society, the Southern Presbyterian Mission, the Northern Presbyterian Mission, the London Missionary Society, Church Missionary Society, the Women's Foreign Missionary Society, the Baptist Missionary Society, the Methodist Episcopal Church, the Y.M.C.A. and the Y.W.C.A., the China Inland Mission, the Methodist Missionary Society, the Seventh Day Adventists, and the United Church of Canada. These societies represent some 70 per cent of the missionary organizations in China.

The Southern Methodist Episcopal Mission was the greatest sufferer among all foreign missions in China from the effect of war, the United Press (Feb. 18) reported. Work was crippled to such an extent in Chekiang and Kiangsu areas that its functions are virtually at a standstill. Bombs and shells destroyed scores of valuable buildings including churches, chapels, hospitals, colleges and schools. Instead of handling more than 100 varied institutions, the Southern Methodists now only control three, a church and two schools at Shanghai.

It originally maintained 60 churches, 30 chapels, three hospitals, one university, 10 middle schools and more than 30 primary schools in the Shanghai-Hangchow Highway, Shanghai-Nanking Railway and the Nanking-Hangchow Highway area. The famous Soochow University was largely destroyed and the Allen Memorial Church in Shanghai was bombed and suffered damages as did churches, hospitals and schools in Changchow and Sungkiang.

The American Church Mission suffered damages amounting to U.S.$45,400 as the result of complete destruction of churches, schools residences and damage to a hospital. Property not destroyed by fire or bombardment has been thoroughly looted—and no estimate of the loss is yet available. St. Paul's Church and the Industrial Home for Widows at Kiangwan was destroyed by fire as was the chapel at Ssu-So-t'wun in Nanking when the city was evacuated. Japanese air raids, according to the church authorities, accounted for the destruction of a clergy residence at Quinsan, three buildings at Sungkiang, a school building at Changshu and a chapel at Fusan. Buildings burned down by Japanese or during Japanese occupation, the mission claims, were a clergy residence at Kusan, parish house and a chapel at Nanking and a church at Puchen. St. Luke's Hospital at Shanghai was hit by a shell.

St. Mary's Hall in Shanghai, a school for girls, was looted.

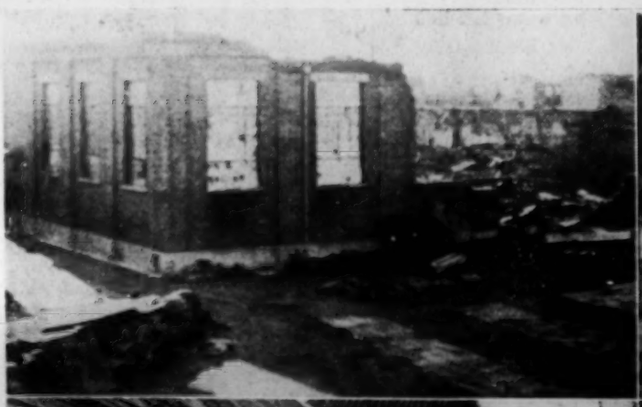
The London Missionary Society lost property to the extent of U.S.$132,000. This amount includes the complete destruction to the society's Medhurst College and a number of adjoining residences in Shanghai.

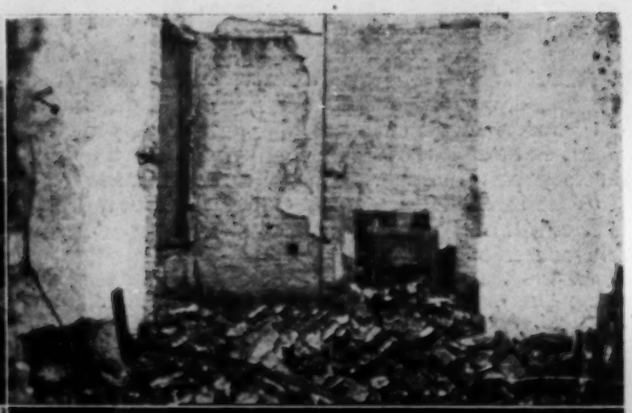
Property losses of the American Baptist Foreign Mission in Shanghai.

Property losses of the American Baptist Foreign Mission Society, of which only meager reports have been received, total M.$60,000. These damages, to schools, churches and residences, are reported from Huchow and Shanghai.

Following is a list of destroyed property belonging to foreign missionary organizations. This report, compiled by the **China Weekly Review** cannot be regarded as complete owing to the meager information now available. Obviously, surveys have not been made in territory now occupied by Japanese troops.

REMNANTS OF MEDHURST COLLEGE AND EPISCOPAL CHURCH





American Church Mission

Name	*Damage*	*Loss (U.S.$)*
St. Paul's Church, Kiangwan	completely destroyed	4,100
Widows' Industrial Home, Kiangwan	" "	11,000
Church and rectory, Quinsan	" "	2,500
Three buildings, Sungkiang	" "	2,000
School building, Changshu	" "	8,400
Chapel, Fusan	" "	650
Clergy residence, Kusan	" "	750
Parish house & chapel, Nanking	" "	9,500
Church, Puchen	" "	6,500
St. Luke's Hospital, Shanghai	damage unknown	—
Woosung buildings	No reports	—
Kiading buildings	" "	—
Yanghaung buildings	" "	—
Taitsang buildings	" "	—
Sungkiang buildings	" "	—
Christ's Church, Changshu	" "	—
Parish house, Nanking	" "	—
	Total U.S.$	45,400

London Missionary Society

Name	*Damage*	*Loss (U.S.$)*
Medhurst College (Boys)	completely destroyed	70,000
Medhurst College (Girls)	" "	4,000
Four residences	" "	35,000
Five residences	partially damaged	15,875
Science building	completely destroyed	5,500
Compound walls, etc.	partially damaged	2,500
	Total U.S.$	132,875

American Baptist Foreign Mission Society

Name	*Damage*	*Loss (U.S.$)*
Dzen Deh Jr. Middle School, Huchow		—
One residence, Huchow	completely destroyed	—
Church, Huchow	furniture removed	—
Two primary schools, Huchow	" "	—
One middle school, Huchow	" "	—
	estimated total M$	40,000
North Shanghai Baptist Church, Shanghai		—
School building, Shanghai		—
Yangtszepoo Social Center, Shanghai	damage unknown	—
	estimated total M.$	20,000
	Grand total M. $	60,000

(Upper Left) The destroyed gymnasium of Medhurst College and (Upper Right) the complete ruins of a residence on college property; both buildings, in Shanghai, are owned by the London Missionary Society. (Lower Left) the damaged Episcopal Church, Dixwell Road, and (Lower Right) the ruined interior of the church. (Above) The church safe looted, with papers and documents scattered wantonly about the floor. The church is the property of the American Church Mission. (Photos by V. F. Meisling in the *North China Daily News*).

Nanking—What Really Happened

WHENEVER an expeditionary force takes the field, no matter what country sends it, the armed forces always include within their ranks perverts, sadists, and many who are temporarily unbalanced by the hell they pass through. Usually, however, these elements are carefully bridled, and if they break away from restraint it is only a few days before their susperiors have them under control.

In the case of Nanking, however, the outbreak of looting and rape, as reported by neutral observers, surpassed any possibility of casual or isolated action, and reached such proportions as to reflect upon either the control of the officers or the sincerity of Japan feudal military philosophy, Bushido, to which Japanese spokesmen have pointed with pride.

On the next page is published an article showing what the Japanese would like to have the world believe happened in Nanking, but the actual records of what occurred in the Chinese capital city in the days, and even weeks, which followed the capture of Nanking on December 13 show the exact reverse of this picture to be true.

Immediately after the city was taken, the Japanese conducted mass executions of everyone who had, or was capable of, bearing arms, the executions being carried out with a brutality that defies description. Most neutrals who were in Nanking do not like to divulge the details of what they saw there, but an indication of the executions has been given by F. Tillman Durdin of the New York Times, who wrote:

"After killing the Chinese soldiers who threw down their arms and surrendered, the Japanese combed the city for men in civilian garb who were suspected of being former soldiers. In one building in the refugee zone 400 men were seized. They marched off, tied in batches of fifty, between lines of riflemen and machine gunners, to the execution ground. Just before boarding the ship for Shanghai the writer watched the execution of 200 men on the Bund. The killing took ten minutes. The men were lined against a wall and shot. Then a number of Japanese, armed with pistols trod nonchalantly around the crumpled bodies, pumping bullets into any that were still kicking."

The order, "take no prisoners", is used by Europeans to show absolute mercilessness, but Japanese armies have followed that policy steadily, except around Shanghai where they seemed to keep a small number of Chinese prisoners to show to foreign correspondents.

But the brutality towards able-bodied men was not all. While Nanking was almost completely isolated from the rest of China, Japanese soldiers perpetrated horrors.

The Japanese soldiers combed the former Chinese capital looking for money, loot and women. Many Chinese were maltreated because they had nothing to offer the Japanese when the soldiers came around. Women between 16 and 60 years of age could expect the worst if they were discovered. There is one case in Nanking where a group of Chinese saved their women only by hiding them under a huge pile of lumber. Every few days the entire lumber piles was removed, food and water passed in to the women, and the lumber carefully piled up again so that there would be no indication or trace of women.

The situation throughout the city was horrible for many days, and the protests of foreigners to Japanese diplomatic officials seemed to be of no avail. With fifty thousand Japanese soldiers in the city the Japanese had provided seventeen military police to enforce discipline. Naturally, this small force was helpless, as were the Japanese diplomatic officials, who seemed to be at a loss to know what to do to curb the excesses of the soldiery.

Japanese troops entered Nanking on December 13, Japanese diplomatic officials arrived two days later to lessen the impact of the Army on foreigners and their interests, but by the end of December the situation had shown only sight improvement.

Chinese in the city could expect no mercy, but those who had relations with foreign institutions thought they could escape some of the license of the victors, but protests sent constantly to the Japanese authorities show that their hope was ill founded. In a certain foreign property in Nanking excesses were protested constantly:

"December 14. Soldiers tore down the American flag and official notice of the Embassy upon the gate of our compound, robbed several teachers and assistants living there, and broke several doors without waiting for keys.

"December 15. In the place just mentioned, soldiers came several times and stole money and other articles from refugees who came in for safety; also took away women.

"December 15. We are taking care of 1500 common people. Four people were raped on the property; two were carried off and released after being raped; three were carried off and not returned; one was carried off but released by Japanese military police near the Embassy. These acts of soldiers have brought great pain and fear to these families, to their neighbors, and to all Chinese in this part of the city. More than a hundred similar cases in other parts of the city and Safety Zone have been reported this morning. . .

"We respectfully urge that Japanese authorities may arrange for the proper inspections to be carried out systematically under the immediate direction of officers, rather than by stray bands of soldiers who enter the same place as many as ten times in one day and steal all food and money from the people. And secondly, we urge that for the reputation of the Japanese Army and the Japanese Empire, for the sake of good relations between the Japanese authorities and the common people of China, for your own thought of your wives, sisters and daughters, that the families of Nanking receive protection from the violence of the soldiers.

"December 16. In our —— Compound more than thirty women were raped last night by soldiers who came repeatedly and in large numbers. I have investigated this matter thoroughly and am certain of the correctness of the statement. The situation all through this section of the city is pitifully indeed. We trust that you who have demonstrated your superiority in military power will also demonstrate superiority in mercy. Security of life and people is immediately needed by these many tens of thousands of peaceful citizens.

"Our property is situated in the Safety Zone and is affected by the conditions and problems of that Zone. Some officers have been friendly and seemed to have an understanding of the purpose and working of the Zone. Others appear to be harsh and suspicious. Let it be made clear to them that what the International Committee has done is entirely open from the beginning. Every office and building and action has been open to inspection each day.....

"December 17. The reign of terror and brutality continues in plain view of your buildings and among your own neighbors. Last night soldiers repeatedly came to our buildings with its great crowd of refugees, demanding money, watches, and women at the point of the bayonet. . . One of our staff members was wounded by a bayonet. Soldiers beat our unarmed watchmen, because the watchmen did not have girls ready for the use of the soldiers.

"December 18. Misery and terror continues everywhere because of the violence and robbery of the soldiers. More than 17,000 poor persons, many of them women and children, are now in our buildings hoping for safety. They are still crowding in, because conditions elsewhere are worse than here.... One frightened child killed by a bayonet; another critically wounded and about to die. Eight women raped....

"It is being said on every street with tears and distress that where the Japanese army is, no person and no house can be safe. Surely this is not what the statesmen of Japan wish to do, and all residents of Japan expect better things from Japan.

"December 21. This afternoon seven persons were taken from our——Building by soldiers. These included members of our own staff. There was no accusation or fact of their being Chinese soldiers, but they were simply seized for forced labor without regard for your proclamation. Near the entrance to your Embassy, a woman was raped this afternoon by two soldiers. Does this suggest that a few gendarmes are restoring order?

—and the Japanese "Paradise"

(Excerpt from the Sin Shun Pao, Japanese controlled Chinese-language newspaper in Shanghai, Jan. 8)

JAPANESE TROOPS GENTLY SOOTHE THE REFUGEES HARMONIOUS ATMOSPHERE OF NANKING DEVELOPS ENJOYABLY

THE municipality of Nanking is still as a city of the dead. The sun's merciful rays spread forth with partiality for the refugee district in the northwest. The hordes of refugees who fled for their lives from the midst of death, have met with the gentle soothing of the Japanese army.

They respectfully kneel by the side of the road in joyful thanks. Before the Japanese troops entered the city, they suffered from the oppression of the Anti-Japanese armies of the Chinese. Indeed, not a grain of rice or millet could reach their hands; the sick could not get medical aid; the hungry could not get food. The suffering of plain good citizens was infinitely miserable.

Fortunately the Imperial Army entered the city, put their bayonets into their sheaths and stretched forth merciful hands in order to examine and to heal, diffusing grace and favor to the excellent, true citizens. In the region west of the Japanese Embassy, many thousands of herded refugees cast off their former absurd attitude of opposing Japan, and clasped their hands in congratulation for receiving assurance of life. Men and women, old and young, bent down to kneel in salutation to the Imperial Army, expressing their respectful intention. This, for Chinese, has an especial ceremonial significance, and it certainly could not have appeared expect from sincere heart and a genuine purpose.

Within the refugee zone they gave out military bread, cakes and cigarettes, to the refugees of both sexes and all ages, all of whom were greatly pleased and spoke their thanks. Also around the walls and barracks were distributed gifts of good will, politely given to the poor and the refugees.

Likewise, health squads began to carry on medical and remedial work. Those who had serious eye diseases and had fallen into a condition approaching blindness were completely cured by the Japanese doctors. Children with whooping cough were carried by their mothers for medical attention, and old women with diseased feet and great swellings received treatment. As soon as they tasted the flavor of the medicine, as soon as they enjoyed the beautiful taste of food, the crowds of refugees, their countenances beaming with joy, could not cease their thanksgiving.

After the medical inspection and healing was over, the vast herds gathered around the soldiers beneath the sun flag and the Red flag Cross shouting "Banzai," in order to express their gratitude.

From the Drum Tower besides the Japanese Embassy, there is an elevation for a view around. Over against the Embassy is hoisted the American flag, to the north and west the British flag; to the north the French, to the east the red flag of the Soviets is reflected in the jade waters of Lotus Lake. Amid them all, high on the iron tower above the Japanese Embassy, is the Sun Flag streaming forth straight and true in the breeze.

Looking down one sees a playground for Nanking children, with soldiers and Chinese children happy together, playing joyfully on the slides. Nanking is now the best place for all countries to watch, for here one breathes the atmosphere of peaceful residence and happy work.

While I was with you in the Embassy today, my own house was looted for the fourth time.

"December 22. In several places the situation last night and this morning is reported to be a little better, However it is still disgracefully bad (following which the author indicates ten cases of violence).

"December 25. New parties of stray soldiers without discipline or officers are going everywhere stealing, raping and taking away women. . .

"December 27. Beginning more than a week ago we were promised by you that within a few days order would be restored by replacement of troops, resumption of regular discipline, increase of military police, and so forth. Yet shameful disorder continues, and we see no serious effort to stop it . . ."

And so the story goes on from day to day, the above excerpts giving only an idea of what occurred in a small portion of foreign property in the so-called Safety Zone of Nanking.

On January 21 the *North-China Daily News* reported:

"It was hoped that order would be rapidly restored and that the civilian population of Nanking would be relieved from the horrors they were suffering. It was even suggested in some quarters that the Japanese were taking revenge for the outrages of 1927, though, if indeed they were doing so, they were wreaking it upon the wrong people, for it was not the population of Nanking that was responsible, but the soldiery. To the astonishment of most people it is now learned that these outrages have been continued, and that ever since the occupation of Nanking until within the last few days, abduction of women, rape and looting have been carried on with an industry which would have done justice to a more praiseworthy cause. Chinese have been stabbed with bayonets, or recklessly shot. It is estimated that more than 10,000 people have been killed, some not even guilty of the trivial offence of having the hardihood to fight for their country. How many women have been raped it is impossible to ascertain but the estimates vary from as low as 8,000 to as high as 20,000. Girls of as tender an age as eleven years, women as old as fifty-three have been the forced victims of military lust. Refugees have been robbed of their scanty supply of money, their clothing, bedding and food, and all this was still going on as late as less than a week ago. In the initial stages insufficiency of military police rendered control of the disorderly soldiery impossible. More of such police have been appointed, but as late as a week ago soldiers were still breaking into houses day and night, indulging in rape and abduction."

As the days passed, reports of violence in Nanking grew fewer, but there was no question of a "return to normal." Even now foreigners have the greatest difficulty in getting to Nanking no matter how urgent their business. The relief problem has been acute for months, and now shows signs of only gradual improvement.

With the recall of General Iwane Matsui, commander in chief of the Japanese Expeditionary Force in Central China, and his replacement by General Shunroku Hata, it was hoped that the discipline in the Mikado's army would be tightened. There is reason to believe that such a result was the motivation for the change in command.

It can now be assumed that the terror in Nanking has subsided, but the reverberations of that terror will return at regular intervals to discredit the Japanese army. Foreigners have already gasped at the horrors perpetrated in Nanking, but the ultimate sufferer from such license must inevitably be the prestige of the Japanese Army.

WAR THROTTLES SHANGHAI COMMERCE

Trade Shows Alarming Decline Since August, With No Hopes of Immediate Recovery

WITH actual hostilities well-removed from Shanghai, the Sino-Japanese conflict still continues to levy a heavy toll upon the city's foreign commerce, and importers and exporters entered the month of March with little optimism for the immediate future. Godowns were empty of stock suitable for foreign markets and additional supplies from China's interior were unobtainable due to communication hazards.

The result was that export trade in January from Shanghai sunk to its lowest level since the opening of hostilities here last August. Business men looked to little relief from this situation until the Yangtsze is definitely opened to shipping and communications are permanently established with the interior.

At the beginning of 1937, China, and Shanghai in particular, was set for a bumper year and all indications were that recovery and prosperity would be reached by the year's end. Imports at the end of July showed a gain of more than 36 per cent and exports had registered an increase of 45 per cent over 1936. War's stranglehold, however, smashed what may have been Shanghai's most prosperous year in nearly a decade, and at December's end, trade returns were slightly above the 1936 level. Nevertheless, despite five months of hostilities here, an all round increase of 8.7 per cent was shown.

The lowest point in trade value in 1937 was reached in October, with a total of $22,824,047. The following months showed a slight improvement. Unfortunately, however, *Finance and Commerce* remarks, it is impossible to believe that this improvement can be continued under existing conditions. So far as imports are concerned, says the journal, the advance has been due to the purchase of foreign rice for feeding Shanghai's population and to the gradual arrival of goods which were delayed in Hongkong and Singapore until hostilities ceased in this area. The increase in exports can only be attributed to the shipment of practically all available local stocks, coupled with the comparatively small consignments of produce received from up-river. The journal adds that there has been no sign of any new business, inward or outward, since August.

The following table shows the trend in inward and outward shipments during the past six months:

1937	Imports	Exports	Total
August	$28,162,294	$23,756,935	$51,919,229
September	7,319,714	27,932,447	35,252,161
October	8,610,207	14,213,840	22,824,047
November	10,390,915	18,027,171	28,418,086
December	13,766,214	18,569,084	32,335,298
1938			
January	15,390,238	10,681,300	26,071,538
February	17,160,264	10,398,262	27,558,526
	$100,799,846	$123,579,039	$224,318,885

(Shanghai Dollars)

In order to appreciate the destructive effect of war upon trade, it is necessary to compare these figures with those of July, 1937.

Shanghai's total trade in July amounted to $130,535,883. Of that amount, $77,645,229 was for imports and $52,890,654 represented exports. During the past six months, August to January, compared with the preceding six months, February to July, Shanghai's trade, imports and exports, dropped from $659,400,000 to $196,820,359. This represented a decline of 70.1 per cent—directly attributable to war. Showing the wide difference between January of this year and January, 1937, trade returns reveal a decline of $56,941,147, or in percentage, 68.5.

Heaviest hit among the nations in trade losses was the United States. In the five months preceding the war, America's total commerce, import and export, was $237,065,603. During the five months of local warfare, the total figure was $100,502,813 a loss of $136,562,790, or a 57 per cent decline. Japan, while her percentage in losses was greater than the U.S., her loss in dollars and cents was not so great. In the period from March to July, Japan's total trade was valued at $152,977,482. From August to December, the figures were $26,506,209, a decrease of $126,471,273, or 82 per cent. Germany's trade figures showed a decrease of $74,723,160, or 57 per cent, for the same period while Great Britain lost trade valued at $42,569,659 or 42 per cent. Britain's imports and exports, however, were not as heavy as the other three nations. French trade with China depreciated $2,803,872 or 13 per cent, while Canada whose imports and exports for the first period amounted to $14,878,778 and $3,893,704 for the second period, lost trade valued at $10,985,074 or 73 per cent. Belgium saw a decline of $11,878,347 or 58 per cent in her trade with China.

The chief part of the loss in the total volume of American business came from the greatly reduced exports from China. These decreased by $79,100,000 during the five war months compared with the five preceding months, while the export trade to Japan which was about one-third of that to America, fell by $33,600,000. Japanese manufacturers, however, suffered much more severely than their American competitors as the result of war, for the sales of Japanese goods to China dropped $92,800,000. Sales of American products declined by $57,300,000.

There is little doubt that Japanese merchants are embittered by the destruction of the prosperous market in China at the hands of their military authorities. From August to December, compared with the similar period of 1936, there was a decrease in imports into China of $184,300,000, and Japanese merchant houses, which had formerly taken the largest share in the gains, are bearing the greater part of the losses. The increase of $57,000,000 in their trade for the first seven months of the year was erased by a decline of $60,000,000 during the next five months, leaving a net loss of $3,000,000 of imports into China for 1937 as compared with 1936.

In January of this year, Japan's trade with China still was on the decline, dropping $147,083,000 under January, 1937. Their import excess, however, declined Yen 110,900,000, or 34 per cent as compared with one year ago. Exports were not reduced so drastically, but they fell by Yen 36,100,000 or 17 per cent. The result was that the total value of Japan's commerce, imports and exports, was 27 per cent less in January, 1938, than it was in the corresponding month a year ago.

Finance and Commerce remarks that Japanese merchants may derive a certain amount of satisfaction from the knowledge that their country's trade is showing a diminishing import surplus, but it is well that they should concentrate attention upon this point for it seems to be the only one from which legitimate satisfaction can be obtained. At the same time, the journal adds, they should remember that it is fatally easy to turn, at any rate temporarily, an import surplus into an export surplus, or, in other words, an unfavorable balance into a

DESTRUCTION AND CARNAGE WITHIN FOREIGN SETTLEMENTS

Bombs Kill Thousands at Busy Cross-Roads

THESE pictures indicate the serious loss of life and extent of property damage resulting from bombs accidentally dropped within the borders of the International Settlement and French Concession by Chinese airmen while attempting to destroy the Japanese warship Idzumo, anchored in the Whangpoo a few hundred yards from the Bund or waterfront. The picture directly above, taken at the corner of Avenue Edward VII and Yu Ya Ching Road (formerly Tibet Road) shows a few of the heaps of dead and injured —more than 1,000 killed and some 1,000 wounded— resulting from the explosion of two airbombs amidst a crowd of refugees collected on the plaza of this busy street intersection. The picture at the Lower Left was taken at the corner of Nanking Road and The Bund where two bombs, one on each side of the street, wrecked the upper floors and seriously damaged the ground floors of two of the city's leading foreign hotels, the Palace Hotel and Cathay Hotel. The picture at the Upper Left shows some of the destruction resulting from a bomb (or Naval shell) which struck the corner of the Chinese Sincere Department Store and exploded, nearly wrecking that store and the Wing On Department Store directly across the street.

The corner where the bombs struck were the busiest in the entire city, which accounted for the large numbers of Chinese and foreigners killed and wounded. In the case of the bombs which fell at the corner of Nanking Road and The Bund they were obviously aimed at the Cruiser Idzumo, and fell wide of their mark due possibly to inexperience of the aviators and the fact that they were being attacked by Japanese naval planes. According to the official Chinese report on the dropping of the bombs at the corner of Avenue Edward VII and Yu Ya Ching Rd., the Chinese aviator had been wounded in a fight and was trying to make the Race Course in order to drop the bombs there—only a few hundred yards from the place where they dropped. Another report stated that the bomb-racks on the Chinese plane had been damaged in the fight which caused the bombs to become dislodged. While most persons, particularly the official police report, were convinced the explosive which struck the corner of the Sincere store was also a bomb from a Chinese plane—likewise directed at the Idzumo—others, including some foreign army and naval officers think it was a naval shell fired from a Japanese war vessel in the lower harbor and aimed at Chinese positions beyond the western border of the Settlement. Since the withdrawal of the Chinese forces several unexploded shells from Japanese naval guns have been found in districts which indicate they must have been fired over the Settlement.

Tsingtao Trade In Sharp Decline

Despite the turbulent times which Tsingtao has been through in months gone by, it is reported that no striking departure from the general trend of the city's import trade has occurred. During the four months which elapsed between the evacuation of the city by the Japanese residents in August and its re-occupation by the Japanese Naval Landing Party in January, however, the import figures were reduced to approximately one-half of the figures for the corresponding period of the preceding year.

Taking December, for instance, there was a drop from G.U.2,269,000 in 1936 to G.U.1,086,000 in 1937. This was due, of course, to such effects of the present hostilities as the interruption of trade in Japanese goods best suited to the demand of the Chinese masses and the breaking down of transportation into the hinterland as a result of the blockade carried out by the Japanese Navy.

Export trade in ordinary years usually begins to pick up during the harvest season in October and reaches the peak at the time of the lunar New Year. But last year showed a drop to one-fifth of the export figures of the year preceding;—the figures for November and December being G.U.805,000 and 815,000 respectively, as compared with G.U.4,773,000 and 4,858,000 for corresponding months of 1936. This is the result of the crippling of transportation services between the hinterland and Tsingtao, uneasiness and insecurity of rural life, and increase of business risks,—all bespeaking the serious effect which the present hostilities have had on the economic life of that region.

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favorable one by the simple process of restricting imports which is the policy now being adopted.

The journal further states that in Japan, emphasis is placed upon the decline of Yen 74,700,000 in the "unfavorable balance" of January, 1938, compared with the identical month in 1937, and that the opinion is apparently being fostered that if the unfavorable balance can be made to disappear in its entirety all will be well with the economic life of the nation. *Finance and Commerce* is of the opinion that "such complacency is ridiculous."

AN ALBUM OF

(Left) A million dollars in modern factories goes up in smoke on the Pootung shore of Shanghai when Japanese planes release their bombs. (Right) Chapei becomes a roaring inferno under a deluge of incendiary bombs. (Photos by MacTavish).

(Upper Left) What was once the mayor's office in the Greater Shanghai Municipality is now a hollow shell, gutted by fire. (Upper Right) The destroyed Municipal Museum, valued at $390,000. (Left) The body of a child, burned when Japanese troops set fire to a house in Nanking. (Right) The charred remains of human bodies, caught in a fire-swept area. (Photos by MacTavish).

WAR'S HORRORS

(Right) The roaring infernos in the Pootung industrial areas give evidence to war's destruction. (Lower) This Chinese woman was bayoneted through the neck by Japanese soldiers when they entered her home at Hsiakwan.

(Upper Left) One of countless Chinese soldiers executed and thrown in ponds at Nanking, their bodies still in evidence as late as March. (Upper Right) The cameraman was forced to hide to take these unusual pictures. Chinese women are shown begging Japanese soldiers not to execute their sons, suspected of being ex-soldiers. (Lower Left) This sampan owner was shot, then soaked in gasoline and set afire. (Lower Right) This entire family was massacred when the Japanese entered Nanking. Two of the women were assaulted, then put to death.

JAPANESE TSINGTAO MILLS WIPED OUT

Dynamiting by Chinese Results in U. S. $100,000,000 Loss For Nippon's Industrialists

PRIOR to the sensational dynamiting and burning of the extensive Japanese cotton mill installations at Tsingtao, little attention had been paid to the material losses suffered by the Japanese as a result of the military conflict.

The systematic destruction of Japanese cotton mills at Tsingtao, which began on the night of December 18th and continued for several days, was probably the greatest deliberate destruction of private property that the world has ever seen. The Chinese actually destroyed Japanese industrial property valued in excess of $100,000,000 in U.S. currency.

The complete story of Japanese policy with respect to activities of Japanese subjects in China has not been told, but before the outbreak of the present crisis there were groups of Japanese business and professional men in practically every city in China. In some cities such as Shanghai, Tsingtao and Tientsin, the Japanese "colony" numbered many thousands. In other places the numbers were small.

Shortly after the decision to intervene, the Japanese government ordered a complete withdrawal of its nationals from China. Some think this was done because of an incident at Tungchow near Peiping shortly after the beginning of the crisis when more than 300 Japanese and Koreans, including a contingent of Japanese troops, connected with the so-called East Hopei Autonomous Government, were killed. The incident resulted from an attack by Chinese troops stationed at Tungchow, assisted by units of a specially trained Chinese militia which the Japanese were preparing for use in an "anti-red" expedition in Mongolia.

In most places where Japanese subjects were withdrawn, their properties were turned over to the local Chinese authorities to protect. This was the case at Tsingtao where Japan's largest industrial establishment, consisting almost entirely of cotton spinning and weaving mills, had been developed. The Japanese Navy had also given Tsingtao special consideration by not including that city in the general blockade of the China coast. Thus, while other Chinese ports were closed, Tsingtao had the distinction of remaining open for shipping.

As a result of widespread destruction of Chinese industrial properties at Shanghai there was an agitation in Chinese circles for retaliatory action against the Japanese mills at Tsingtao. But while the war had been in existence for more than four months, the Chinese authorities at Tsingtao continued to protect, not only the Japanese cotton mills, but also the extensive Japanese retail and residential sections in the city. The properties were under the direct supervision of Admiral Shen Hung-lieh, who had control of the city and the area about Kiaochow Bay. By December the agitation for retaliatory action against the Japanese became too strong to be ignored so on the night of December 18th a terrific explosion marked the beginning of expertly planned dynamiting and incendiarism which soon reduced Japan's extensive overseas industrial establishment to a mass of ruins. Aside from the wreckage of Shanghai, the world has never seen such deliberate wreckage of man-made enterprises.

The destruction of Japanese cotton mill properties alone at Tsingtao, from a monetary standpoint, amounted to more than Yen 300,000,000 or U.S.$100,000,000. It amounted to the wiping out of almost half of Japan's total investment in China south of the Great Wall, which at the beginning of the conflict stood in the neighborhood of Yen 647,800,000.

In addition to the destruction of the Tsingtao mills, Japanese industrial losses at Shanghai exceeded Yen 100,000,000. Hence, total Japanese losses, up to the present, greatly exceeded the figure of Yen 400,000,000, which was said to be about 62% of Japan's total direct investment in China prior to the beginning of the war. The most accurate appraisal of Japan's losses in the Shanghai district was made by a Japan's Atsushi Kawashima, in the course of an article published in the November issue of the well-known Tokyo magazine, *Diamond*.

Similar to developments at Tsingtao, Japan's greatest losses at Shanghai were also in cotton spinning and weaving mills, which amounted to Yen 70,000,000. Shipping losses accounted for Yen 10,329,000. Small industries destroyed amounted to Yen 4,150,000. Other losses including warehouses, retail and other establishments accounted for another Yen 10,000,000. This brought the total to Yen 94,479,000. But since that time there have been other serious losses, including Tung Wen University, oldest and largest Japanese educational institution in China which was completely destroyed by Chinese troops in retaliation for Japanese destruction of Chinese educational properties in various parts of the country. Mr. Kawashima, the writer of the articles, went so far as to say that the destruction of Japanese properties, plus commercial losses suffered as a result of the war, were almost irreparable. He said that while the spinning mills and shipping concerns were backed by big capital and probably would be able to recover, depending upon the character of Sino-Japanese relationship after the war, large numbers of small Japanese enterprises would never be able to recover.

It is now generally known that Japanese commercial activities, from the standpoint of smaller enterprises had not been profitable for a considerable period, due largely to Chinese competition. This was indicated by the fact that after the Japanese war at Shanghai in 1932, Japanese concerns in Shanghai through their Resident Corporation had borrowed Yen 5,000,000 in Japan for reconstruction. It was disclosed at that time that other loans made prior to the complications of 1932, had never been repaid. But in an effort to re-establish Japan's commercial position here, the government advanced the sum of Yen 5,000,000, which was not to be redeemed for a period of five years and after that, was to be paid back in yearly instalments over a period of ten years beginning with 1938. Now the situation has become so much more serious that even Yen 10,000,000 would not be sufficient to cover Japan's losses, exclusive of the larger industrial and shipping firms.

It was pointed out by other observers that the dynamiting and burning of the Tsingtao mills, as well as the mills at Shanghai, would have a disturbing effect on Japan's cotton weaving and spinning industries which constitutes the backbone of the country's industrial establishment. Japanese textile markets, even before the beginning of the Sino-Japanese complications, had begun to shrink, as evidenced in the decline of cotton mill stock quotations. It was pointed out that the decline of Japanese textile trade was likely to have world-wide repercussions, extending from Lancashire in England to

(Continued on Page 28)

A BOMB—AND CHINESE HOMES BECOME MATCHWOOD

(Above) There's not much left after a bomb drops on a Chinese home. These four men hope to salvage something from the ruins of what once was their dwelling. (Right) It was a sad day when this Chinese woman returned to the heap of rubble where she once lived. She found, as it may be seen, just a pair of scissors!

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(Above) The high explosives of the Japanese army and navy leave little standing when they land in the matchwood-like residences of the Chinese. Here is pictured what one shell did to a group of shops and houses.

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(Above) A shell lands and a group of Chinese houses are reduced to near kindling wood. In the foreground, a victim of shrapnel is seen being attended by a policeman and a soldier. (Right) Another Chinese dwelling, splintered by a shell.

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(Above) A typical scene of destruction in the Chapei area of Shanghai. The mounds of brick and charred wood extend for miles.

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SHANGHAI INDUSTRY STILLED BY WAR'S HEAVY GUNS

(Top) Ghost-like in the wreckage of what once was a large Chinese factory are these giant machines, now definitely halted. (Center Left) Transportation came to a halt when a Japanese bomb smashed the coaches of this train. (Center Right) Another factory, bombed to utter destruction. (Lower Left) A gaping hole in the ceiling and shrapnel-sprayed walls are testimony to the deadly work of Japanese bombers. (Lower Right) Here, literally, the wheels of industry have been stilled in this Shanghai plant.

SCRAP IRON LOOTING CRIPPLES SHANGHAI

THE most serious repercussion of war in Shanghai and out of which the city's industry may be crippled indefinitely, is the removal of machinery and scrap iron from industrial districts and for which Shanghai newspapers have branded the Japanese with deliberate attempts to throttle the future prosperity of this port and outright thievery.

A Junkman's Paradise—and in this case, eye-witnesses report. The junkmen are the Japanese. Thousands of tons of metal, some of which is rightly scrap iron but in many instances is expensive machinery once operating in Chinese factories, have been removed from the Shanghai area and transported to Japan's munitions works. (Photo by Dr. N. Eskelund).

There areas in the Yangtszepoo housed some of the world's finest machinery—elaborate tools for the manufactures of countless products—textiles, rubber goods, cigarettes, etc. Months ago the systematic removal began of metal which rightly might be termed scrap. But not only scrap was taken. All types of metal fabrication from boilers down to small motors were, and still are, removed by gangs of Chinese coolies under control of Japanese. The work has been directed against Chinese factories, although a few foreigners also reported the "stealing" of valuable machines.

The value of these removed metals can easily be calculated in the millions of dollars and the quantity so far taken from this area destined for the munitions works of Japan, is far in excess of 100,000 tons. Even the Tokyo Asahi, more than a month ago, proffered a conservative estimate of 80,000 tons. In none of the accounts of this wholesale pillage of metals which have appeared in the Japanese newspapers, has there been the slightest indication of a realization on the part of the Japanese that it is nothing more nor less than thievery on a grand scale.

The removal of metal from the areas controlled by the Japanese military forces began with the removal of sheet-iron from Chinese retail and wholesale iron shops along North Soochow Road. Later the Japanese iron collectors extended their activities to Chinese factories where the machinery stocks were completely looted, including factories which had been burned.

Later the metal collectors began entering private homes or ruins of residences which had been burned and all pieces of metal, even hinges and locks of doors were taken out. Their activities were widespread. Machinery and metal, according to recent estimates, have now been removed from more than 1,000 Chinese factories, large and small, one of the largest being the Nanyang Brothers cigarette plant. Observers also saw Japanese soldiers removing brass bedsteads, marble-tropped wash-stands, chairs and other articles from foreign residences. Seen, too, were long lines of carts pulled by Chinese coolies bearing loads of iron looted from foreign and Chinese premises being transported to dumps for ultimate shipment to Japan.

The removal of machinery and other metals from manufacturing establishments in Hongkew, Yangtszepoo, Wayside, Chapei and Nantao has been so extensive that few of these factories will be able to resume operations without almost complete replacements.

Hongkew also suffered from another type of looting. There were probably 50,000 tons of stocks of steel products in dealers' hands in this section of the city when the war started. Local contacts estimate that not more than 20% of it has been salvaged. The loss of 40,000 tons, valued at possibly U.S.$50 per ton on the average would alone represent U.S.$2,000,000 or Yuan 6,700,000. The 100,000 tons of the type of metal previously mentioned, are worth at U.S.$20 per ton, U.S.$2,000,000 or an additional Yuan 6,700,000. Thus, in steel stocks and scrap iron and steel removed, the losses may be figured in the neighborhood of $14,000,000 (Shanghai dollars).

The *North-China Daily News* commented thusly at the height of the large-scale looting:

"In view of the hope that rehabilitation will soon be set afoot in Shanghai, the removal of essential machinery, which at .no time could be considered as mere scrap iron, the carrying off of machinery which

(Continued on Page 25)

The Japanese marine finds a new way of going to town atop a handcart, loaded, as you've already guessed, with scrap iron bound for the hold of a Nipponese steamer in the Whangpoo. (Photo by V. F. Meisling in the *North China Daily News*).

NANKING RELIEF SITUATION STILL ACUTE

Less Than One-Third of Farm Area Planted; Relief Committee Fears Food Shortage in Coming Months

ALTHOUGH refugees under the care of the Nanking International Relief Committee have shown a slight reduction in numbers since December, the committee reported early in March that they were still in dire need of funds with which to purchase food and fuel.

Relief work in connection with the former Nanking Safety Zone has gone through three stages: first, the camp stage at the height of which during the latter part of December, 69,406 persons were in 25 camps and over 50,000 of them on free rice; second, the rehabilitation stage when persons were returning to their homes from camps beginning Jan. 28 and still continuing with 23,000 in camps but gradually moving to homes; and third, the work relief stage which the committee is now entering, and in which their large project consisting of grading has just begun.

Concerning conditions for the future, the committee is not optimistic. The committee points out that with little chance of economic recovery in the city, and with probably less than one-third of the normal planting in the surrounding countryside, food and other relief problems will probably increase until the wheat harvest in June. Moreover, they say, should the growing banditry and the continued depredations of the farmers by soldiers prevent the normal harvesting and moving of that crop, then the danger of famine in the late summer or autumn will be serious.

The committee's Feb. 14 report said in part:

"On the basis of reports by the Japanese authorities on the registration of families returning to their homes, there are 150,000 people left in the zone area as against 250,000 in January. But because the needs of many of the families continue after returning home, our Rehabilitation Committee is setting up offices in each of the recently opened areas to give aid to such families.

"There are no indications of any rapid economic recovery. There is little present hope for economic access to Nanking, and there is no local production going on. It is difficult even to start spring farming on truck gardens inside or outside the city walls. Furthermore, much property—buildings, productive equipment and supplies—has been destroyed. Finally, the amount of paid labor in the community, whether employed by the Japanese Army or by others, is very small. All of these facts forbid any considerable economic revival in the next few months.

"The seriousness of this delay in the economic revival is increased by the fact that the whole city is still largely on a consumption basis. That means that supplies and resources are continually diminishing. Consequently, it is probable that the relief situation will become worse during the next two months.

"Our relief work is all under the International Committee which organized the Nanking Safety Zone. The return to their homes of about two-fifths of the population since the latter part of January has served to erase the sharp distinction between the zone and the remainder of the city. The International Committee is therefore carrying on not as a committee for a special area, but as a purely private relief organization.

"From the beginning the committee has had the excellent cooperation of the local Chinese Red Cross Society in conducting a large soup kitchen; and the cooperation of the Red Swastika Society in conducting two large soup kitchens and burying the dead bodies. This latter function has proved no small task. Though they have been burying 200 bodies a day they find there are still 30,000 left to bury, mostly in Hsiakwan. We have also had the cooperation of the University Hospital in medical work. The local International Red Cross Committee has assumed special responsibility for wounded Chinese soldiers. It is also paying for free patients at the University Hospital at pre-war rates for third-class service. This has enabled the Hospital to continue its work as long as it can use old supplies but does not pay half of its operating deficit now that normal income from fees has largely disappeared.

"We have been on the most friendly terms with the Nanking Self-Government Committee. We have tried to help this commissioner on the general humanitarian problem of urging the Japanese authorities to release more rice and flour through him for sale to the general population. In this connection, one of our committee members has since Christmas, even before the Self-Government Committee was formally organized, cooperated with them in hauling food and fuel supplies. This same member is at present operating the repair department for their trucks. He has had practically full say as to how the trucks are used and has insisted that public service comes first.

"Since January 11, the sale of rice in the Zone has been prohibited by the Japanese authorities. But people have been allowed to go to rice shops conducted by the Self-Government Committee a mile from the southern boundary of the Zone and carry back rice into the area. They were permitted at first to take two *tou*, then later a whole bag. Recently another shop under the Self-Government Committee has sold flour close to the eastern boundary of the Zone. However, no large deliveries were allowed. As mentioned above two truck deliveries have been allowed in the last week. With the denial of all attempts to purchase locally or to ship in food from Shanghai, our supplies on hand have been reduced to 1,267 bags of rice, 266 bags of flour, and 12 bags of beans. That is just enough rice to last for two weeks or until the first of March at the present rate of free distribution.

"Locally we are arranging to finance the purchase of rice in Hsiakwan by the Red Cross Society for free distribution. We have completed an agreement by which our camps buy rice directly from the Self-Government Committee's shops, a transaction which will conserve our small stocks for use in supplementing that irregular source of supply.

"Since the latter part of January, farmers have been permitted to go out of the city and bring in such vegetables and other products as were left in the countryside. But people who have been out foraging in the last few days say such supplies are increasingly scarce.

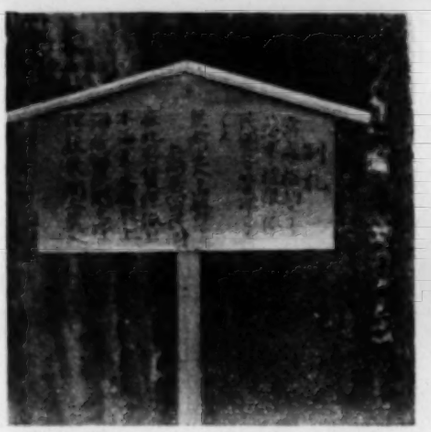
"Hospital supplies, because of their small bulk, have been transported on gunboats, with permission for landing and delivery to the University Hospital.

"The real problem regarding the entry and distribution of supplies is getting in adequate food supplies.

"Our cash resources are now $300,000 Chinese Currency. This was received from the following organizations:

In Nanking		
Former Nanking Municipal Government	$80,000	
Balance from sale of rice	13,000	
Nanking Christian War Relief Committee	7,000	$100,000
In Shanghai (Revised Feb. 17th)		
Chinese Bankers Association	$50,000	
Shanghai Nanking Relief Association	50,000	
American Red Cross	25,000	
British Mansion House Fund	20,000	
Gold Rule Foundation (U.S.$1,900)	6,350	
Rotary International	5,000	
National Christian Council	3,000	
China Club of Seattle (U.S.$610)	2,035	
Others as yet not specified to us by Shanghai Nanking Relief Association	49,615	$211,000
Total		$311,000

A JUNKMAN'S PARADISE—FOR THE JAPANESE



(Top) Here are 18 coolies removing heavy iron from the Wayside District under direction of the Japanese. Estimates place the amount of such metal taken from these areas at more than 100,000 tons. (Lower Left) A sign at the entrance to a Japanese scrap iron dump, East Yuhang Road, warns all and sundry not to enter. (Photos by V. F. Meisling in the *North China Daily News*). (Lower Right) A rich harvest for the scrap-iron collectors—a Japanese metal dump on Lay Road creek, at Ward Road. (Photo by D. N. Eskelund).

Part of the above sum ($100,000) is in bonds which are subject to fluctuation. Therefore, we have worked out our budget on the basis of $300,000.

"The attached budget shows our working program for the use of these funds during the next two months and a half, that is, up to the first of May. This budget only covers resources available and is limited to work in Nanking proper. Furthermore, it amounts to only $1.20 per capita.

"Aside from the requirements specified in the present budget, the Committee is acutely conscious of other needs almost equally pressing, if there were funds and personnel to meet them.

"It is possible only to refer to the unusual health problems of people on a diet generally inadequate and often consisting of two meals of rice gruel alone; for the most part crowded; and under abnormal conditions that tell heavily upon infants, prospective mothers, and all who are frail. Practically speaking, the only medical service available for civilians is that of the University Hospital, which is now operating with reduced staff and small means applied to limited fields of work. Upon that basis should be built an adequate clinical service at the hospital, a group of out-clinics at various camps and centers; and a program of public health and sanitary supervision. There is no hope for a long time to come that the Self-Government Committee will be able to do more than to open one norminal hospital.

"There are also critical needs for relief in the immediate vicinity of Nanking, where many villages were burned, and most of the others have suffered grievously, even up to this moment. For instance, from the half-deserted countryside come authenticated appeals from one refugee community of 24,000 at Tsechiashan and another of 2,000 at Kotanchi. Not only is the plight of present residents to be considered, but there are others beginning to return to their homes from flight or deportation, and thousands of villagers now without the city who desire to return if there is opportunity and means to make a start.

"Among the gardeners of the Nanking area and the farmers around about, the special difficulties in the way of food production this coming spring and summer are desperately apparent. The shortage will be appalling in its consequences, for at present we can hope only that a fraction of the arable land will be planted. When one venturesome group of farmers were asked if they had seed, they scoffed, saying that the real question was where to get rice to survive for one more day. On the five large farms of the University of Nanking, only a few beans have survived the military burnings and plunderings that destroyed buildings, equipment, and stores. That is a fair picture of thousands of farms. For restoration of security and of normal labor supply, we can do little directly. But in provision of seed, and if possible of animals, we ought to do something.

American Missionaries Take Food To Hangchow

Two American missionaries, Dr. Fred P. Manget and Mr. Robert T. Henry, left Shanghai on March 8 for Hangchow with a car-load of supplies for the foreign community of the lakeside city.

A part of the supplies will later be taken by Miss Ave Morton, a missionary-nurse, and Chinese medical staff, to Huchow on Lake Tai, where they are to reopen a mission hospital.

A freight car was put at the disposal of the two men following negotiations between the Japanese and American authorities here. Forty foreigners still remaining in Hangchow were said to be in great need of foreign foodstuffs and other supplies.

DIARY OF AN AMERICAN DOCTOR IN CHINA

Medical Man's Recordings Are Indictment of Brutalities by Japanese in Warfare

NO more graphic account has been related of the last days of Wusih before the war-mad hordes of Japanese military descended upon the city, than this odyssey of an American doctor who left Shanghai October 14th for the doomed city, his motor car loaded with clothes, food and medical supplies in order that he might alleviate the sufferings of the wounded and the hungry. His trip was a perilous one, taking the road on which two days previously three cars, carrying the British flag, were machine-gunned by Japanese planes.

His description of scenes witnessed a few miles before he reached Wusih is a damning indictment of the brutalities of Japanese warfare. The bombing of coal barges on the canal near the road, the shooting of helpless farmers in the field, the descending of planes upon innocent groups of peasants, machine-gunning them and the following those who lived to run and firing upon them again.

His story of hardships, the daily caring for sick and wounded under the constant threat of death from the rain of Japanese bombs, is written in diary form. The following is his personal record:

October 16th. A Chinese was brought to the hospital today, his intestines so badly torn by machine-gun bullets and the subsequent loss of blood made his case hopeless. When the Japanese planes approached, he ran for cover in a mulberry grove. The planes followed and machine-gunned him. At the same time, three other farmers were killed and four wounded. There were no Chinese soldiers within miles. Why, or for what purpose could these Japanese attack poor country people who are perfectly harmless?

October 17th. This morning I went on ward-rounds with the hospital staff. The building is crowded with wounded soldiers and a few civilians. Pitiful were those soldiers with legs and arms amputated and those who are so badly-wounded. It is just a matter of time until they pass away. Certainly, it is a horrible thing. There were three women, each of whom had a leg amputated, after being injured during the severe bombing at the Wusih railroad station October 6th.

We found the staff had built three huge bomb-proof shelters below ground on hospital property for those who wanted to take cover during an air raid. The power plant which furnishes Wusih with electricity was disabled by bombs recently, so we have no juice for X-Rays during the day, but a temporary plant gives us power at night. Then we are able to get radio news from Shanghai, provided there are no air alarms which means "all lights out."

October 18th. Early today, just as we were starting on ward-rounds, the siren sounded and we knew the Japanese planes were Wusih-bound. We kept on with our ward-round, although we all had a gentlemen's agreement that it is quite proper to seek shelter in the dugouts. Soon we could hear the heavy drone of planes. Then came the terrifying sound of the ships power-diving which always precedes the bomb explosion. I didn't know what this American hospital was in for and, although a colleague and myself continued our work, I couldn't honestly say that I was taking much interest in the cases. However, we both had previously decided that we couldn't run out of the wards and seek protection while helpless patients had to remain in bed. Soon the sound of bomb explosions reached our ears and we guessed that it was the railway station which had been hit. There are no defense works here and not a shot was fired at the ships which dropped four bombs in all. Shortly, a railroad guard was brought to us, the side of his head smashed by shrapnel. His condition was so critical he had no chance of living. Several others were killed and wounded in this bombing.

October 25th. No bombings have yet occurred within the city walls and I don't believe any will. I wouldn't be anywhere else for a million dollars and I hope I can be of some use here. The hospital itself is plainly marked with American flags and in Chinese characters which are the same in Japanese.

October 31st. A direct hit on a Chinese hotel today completely destroyed it. The policeman on duty near there escaped shrapnel which splattered all around him. The terrific noise made him deaf. Bombs destroyed the clock tower and pitted the road with craters. The station had two direct hits and the freight godown was burned. We crossed the tracks and saw where a bomb had landed directly in front of the Washington Hotel and the Brother's Hospital yesterday.

November 1st. Local Chinese newspapers promise electricity soon. Hope it's true. As I write, a Japanese plane is circling overhead. Wish this war was over. Made tentative arrangements to resume my language classes with a former teacher in the Soochow Language School who is now in Wusih.

November 3rd. Two Japanese sea planes arrived this morning and bombed for about 20 minutes, directing their missiles at empty trains. Later, when I was amputating some fingers, or what remained of them, on a soldier who had been struck by shrapnel, another plane came over. Fortunately for the operation, no bombs were dropped near us. We hear that the telegraph wires to Shanghai are cut and that the Japanese are crossing Soochow Creek while the Chinese continue to fall back.

November 5th. The lights came on today for the first time in three weeks. I found myself in much disfavor with the crowd when I blew a fuse out in attempting to plug in the radio. However, after the electrician fixed it, we failed to get the radio news because a boxing match was being broadcast.

November 10th. This has been our worst day by far for bombings. Conservatively, 160 of them were dropped, causing heavy damage and several fires. The areas bombed were the mountain at Wei Sei, outside the city, the mill districts and the area beyond the West Water Gate at 11:30 p.m., I was bounded out of bed by heavy explosions. From the window I could see a Very Light descending slowly, lighting up the whole city. Apparently the light revealed nothing worthwhile, and the plane passed on. I learned that many wounded soldiers were killed in the bombing today when a military hospital was hit at Wei Sei, besides countless deaths among civilians in the mill districts. Civilians brought to our hospital were terribly mangled. A man had his left ear torn to shreds, his left biceps' muscles almost severed, a long penetrating wound in his left thigh, his right foot torn almost in half (amputation will be necessary) and his genitals badly mutilated. He had a dozen other smaller wounds. Goodness knows where we will put patients if this bombing around here continues.

November 11th. Planes bombed Wusih for an hour this morning, deliberately picking their targets. I was in the operating room at the time and the sterilizer was making so much noise the explosions didn't bother me so much. In the afternoon bombing, the missiles came much closer, landing within a few hundred yards from the hospital. The house trembled again and again, and furniture danced a jig. I felt the urgent need for a cigarette.

We immediately went to the hospital and found that several pieces of shrapnel had hit it. The nurses seemed quite calm, but one or two of the doctors were jittery. We learned that the big normal school had been hit. Shortly, four horribly wounded civilians were brought in with legs and arms dangling grotesquely and all requiring amputations. I worked with a colleague in removing a man's leg at the knee and extracting a piece of shrapnel from his thigh. He also had a shrapnel wound in his buttocks where a piece had entered, fracturing his coccyx and perforating his intestine. Now I am waiting for supper, and other operations are posted of tonight and tomorrow.

WUSIH AMERICAN PROPERTY LOOTED

Missionaries Are Refused Permission to Carry on Work

DEFINITE evidence of wholesale looting in Wusih by Japanese soldiers of St. Andrew's Hospital, the church compound and the adjoining private residences of the American staff, owned by the American Church Mission, and the properties of the Southern Baptist Mission and the Southern Methodist Mission, was obtained by observers who recently returned to Shanghai from that city.

The Southern Baptist Mission at the present time is occupied by a detachment of Japanese soldiers, observers report.

Charges also have been placed with American authorities that Japanese on November 26th or thereabouts, ordered that the American flags displayed on St. Andrew's Hospital be removed, and that American flags and Chinese characters naming the nationality of the owners were ordered painted out, the hospital servants carrying out the command under duress.

Japanese also are reported to have refused American missionaries permission to remain in Wusih to carry out necessary repairs on buildings and to salvage and care for American property. Although the missionaries carried passes issued by the Japanese Military Headquarters at Shanghai and at the time they were still valid, Japanese authorities in Wusih ordered them to leave the city immediately.

In face of what is reported to be a dire need for medical attention to residents of Wusih, the Japanese are said to have definitely refused to allow missionaries to reopen their medical clinics.

Observers returning from that city also report evidence of forcible entry and looting of buildings, with wanton damage to valuable property.

Factories and warehouses suffered the most extensive damage in the Japanese bombardment of the city during November, the *North-China Daily News* reports. The newspaper's Wusih correspondent lists the Kylen Sing silk mill, the Hung Tuh oil plant and the Yui Kuang cotton mill among the buildings to which an unestimated amount of damage has been done.

The area between the Public Park and the North Gate has been destroyed; however, it is not known whether destruction was the result of actual bombardment or by subsequent fires. The new wide east-to-west street is a scene of destruction, while the busy shopping and banking district outside the North Gate has been severely damaged. It is believed that a similar condition exists along the important street beyond the South Gate. The scenic section bordering the Great Lake, where most of the population took refuge during the heavy bombardment, is said to be unscathed and orderly.

We heard a touching story today. When the dugout here was struck October 28 and all its 40 occupants killed, there was a young child in there who was so terrified that no one could stop it from screaming. Believing planes would discover the hiding place because of the noise, the mother was told to take the child out. She refused. The father finally carried the tot to a position behind a tree trunk. A few minutes later, a bomb hit the flimsy dugout and all inside were killed.

November 12th. Today was a nightmare. A Chinese soldier, wearing a steel helmet, was sitting in the window when the Japanese bombers came over. He immediately ducked inside, but a few seconds later the bombs started hurtling down, falling on all sides of us. I'll admit my reaction was selfish self-preservation. I crouched down, noticing at the same time that the room was clear of nurses. I was scared to death and sick with fear. I was ashamed of myself for being so. The bombs continued to fall with ear-deafening explosions. I knew that some of them had fallen just outside and I was relieved not to be hit. Almost immediately, they began bringing in people injured in the bombardment. The first man brought in had died of fright. Other cases of severe shock came, but I knew they had no chance to live. Another man with bad chest injuries was hopeless. A father has us to aid his daughter whose thighs were fractured, and his son, with one eye shot out. An old man came, carrying his feeble wife upon his back. She was lacerated with shrapnel. In they came, in droves, victims of Japan's attack upon civilians. Some are of the opinion that the planes overshot their marks, but I believe the bombing was intentional. They were flying low and could not fail to distinguish the very large freshly-painted American flags on all the roofs besides the flags flying over the two compounds. The damage to the compound was terrific. Walls were smashed, telephone poles riddled and the wires down. Projectiles had gone through neighboring houses and debris was scattered all over the place. The exodus from Wusih is beginning. I can hear our neighbors nailing up doors and windows and moving out of the city as fast as they can. The Chinese staff is deserting en masse. The hospital chief hasn't said yet what he intends to do about this desertion except that it will be impossible to keep the hospital open and that our next step will be to get the remaining patients moved out. Although I might not enjoy it, I will stay to the last ditch if some of our staff members reconsider and decide to try and keep the hospital open. I reckon I'm a sissy, but I'm still scared.

November 13th. None of the doctors appeared for duty today and we learned that some of them had left the city during the night by means of military truck. The nurses are frantic to get away, but there are no busses available, all are being used at the front. The hospital chief feels terribly about turning the patients out of the hospital. The worse part of it is, he has no way to move them. None of the remaining here are willing to help. The chief feels he may be criticized, but he has no other alternative. The place is lonely. Tonight there is only the gateman, one or two coolies, and a few nurses who are staying only for one or two days because they are unable to find transportation. The cooks, laundrymen, firemen, mechanics, carpenter, operating room coolie, druggists, laboratory men and all the doctors have gone. It would be impossible to care for these patients were we to keep them. Thankfully, some of the patients are well enough to leave by themselves and by tomorrow I think we shall have only about a half-dozen to care for.

Word came through tonight that we can get our wounded soldiers moved to a military hospital. That's a relief. But it also means that it won't be long before the battle line is here.

November 14th. I started the motor of the old car this morning to see if it would run. It was all right. I tied an American flag to its roof. We have decided to leave before daybreak tomorrow.

November 15th. We left Wusih at 5:30 a.m., driving through the wreckage at West Gate. This area was swarming with soldiers, preparing to take cover for the day. Rickshas, carts and hordes of persons were streaming through the gate, fleeing from the city. The air was tense. You felt that panic was on the verge of breaking out.

Every town we passed through we saw great crowds waiting for busses; however, the further we got away from Wusih the more normal things appeared. Shortly after 11 p.m., we reached Nanking where great military activity was taking place. My one thought is, however, to get back to Shanghai.

November 19th. We left Nanking yesterday and today we are anchored off Chinkiang. We leave tomorrow for Kowan where we will have to take small launches to go inland by canals. This move is to avoid the river booms.

November 21st. Back in Shanghai again! And now, in the quiet of my home with my war-time mustache shaven off, I have much to be thankful for. But I cannot forget the misery we left behind us. We have been gone for slightly more than a month, but in that month I have seen enough to make me hate war forever.

SOOCHOW NIGHTMARE

An Almost Incredible Experience in the Shadow of Bursting Shells, Looting and Assaults on Women

(The writer, a resident of China for 35 years and whose name, for obvious reasons, is withheld, reports the following eye-witness account of terrorism and atrocities by the Japanese army.)

IT was our helplessness, the impotency of 350,000 human beings—the aged, young and feeble of the beautiful tradition-steeped city of Soochow—in the path of Barbarians at War which struck us with nauseating force that day in the second week of November when Japanese bombers first began releasing high explosives upon the city proper.

It was a frightening thing to see; a horrible, maddening thing under which to dwell—tons of explosives hurtling down from the skies, exploding in a cascade of bits of human flesh, dirt, stone and mortar. Both night and day death rained upon the city from the circling, droning Japanese planes.

At the early stages of the bombings, the majority of the fear-crazed residents of Soochow sought sanctuary in dugouts. Finally, air raids became so incessant that we debated whether to remain in the dugouts or return to our work and take our chances on missing death. We decided on work.

On November 9th, handbills were dropped from planes, warning Soochow that, after three days had elapsed, the entire city would be even more intensively bombed. Could that be possible? We were already living in a veritable inferno. This warning: that the grand old city of Soochow would be practically destroyed, brought before me a tragedy too realistically terrible to put into words. I cannot pass on to you the feelings that came over me as I saw hundreds of thousands of men, women and children leaving their homes, carrying with them their pitifully small belongings.

By this time, however, boats, rickshas and other vehicles could not be obtained at any price, and most of the refugees had to flee by foot. My companion and I had previously secured two boats from Chinese soldiers, and it fell to my lot on the night of November 12th to tow these boats by motor launch to Kwangfu with our first contingent of refugees. I immediately returned to Soochow for another load where Chinese soldiers commandeered the two boats, but left me the motor launch. I turned the launch over to my companion and he, with other friends, started off again for Kwangfu.

It was now too late to enter the city gate so, with a friend, I spent the night in a deserted hospital. It was the night of the big air raid. And only God and the people left in the doomed city of Soochow knew, or ever will know, the horrors of that night. The most dreadful nightmare could not compare with it. The entire city and its environs were lighted with flares dropped from planes. And then death started on its speedy flight from the skies. No human being could have counted the number of bombs released upon this defenseless city. One might as well have tried to count the drops of rain falling on a like number of square miles in 12 hours' time. My friend lay flat upon the floor. At times, I got under the bed. Strangely enough, I felt safer there.

At daybreak, we arose and went into the city. The death and destruction we witnessed defies all description. We felt nauseated, sick. The only cheering sight we saw was a Chinese pastor leading a thousand refugees towards Kwangfu. What a picture! Behind him trailed small children, old men and women, the lame and those disabled by bombs and shells I thought of the Good Shepherd leading his flock. In two days, 5,000 refugees from Soochow had been removed to Kwangfu.

I, myself left for Kwangfu and it was not until November 21st that I returned. My companion and I had to drive carefully to avoid running over bodies of the dead lining the roads and scattered over the fields. When we arrived, looting on the part of uniformed Japanese soldiers was proceeding in lively fashion. Mission property, as yet, had not been molested. From that time until December 11th, we went into Soochow nearly every day. We saw that every bank and shop and every residence had been forced open. Japanese soldiers were passing in and out of them, like ants, loaded down with bales of silk, eider down quilts, shop goods and household effects of every description.

On one of our trips, however, we found that mission property had been looted thoroughly. The front, back and side doors of one particular building had been forced open. The doors to the school buildings and residences had been smashed in, apparently with axes and butts of guns. All rooms had been entered and all trunks and boxes broken into. Such things for which they had no use were scattered in wanton confusion over the floors. In my home, the dishes had evidently been thrown upon the floor with great force. In my friend's home, we saw his son's violin on the floor, broken beyond repair.

During one of my visits to Soochow, I went into the Administration Building of Yates Academy. I came upon a group of soldiers before they were aware of my approach, catching them in the act of breaking open the school safe. One soldier was striking the safe door with a pick-ax. While a group was attempting to smash the safe, others were rifling desks in the offices of the principal and the dean. When I went to the end of the hall to call an interpreter, they left, taking their tools. In another hours' work, however, they would have had the safe open.

Leaving the compound, we heard music in the church. We entered and found a Japanese army officer playing the piano, while several of his soldiers were rifling desks in the conference room of the auditorium. I rebuked him for allowing his soldiers to loot the church. He saluted and left immediately.

The next morning we returned and found that the soldiers had finally forced open the safe and robbed it of approximately $400. Amusingly enough, however, is that the looters threw on the floor about $300 in pay envelopes, thinking they were useless letters. We found, too, that safes in several other mission compounds, as well as the strong boxes in banks and shops had been smashed and their contents carted away. The "fine discipline" of the Japanese army apparently was no more than a myth.

Actually, blame for wholesale looting in Soochow cannot be placed upon individual soldiers, but rather upon the Japanese army as a whole. More loot was taken than could have been carried away by individuals and, furthermore, we saw much of this loot being loaded on army trucks. One truck, loaded with expensive blackwood Chinese furniture, stood in front of the Japanese army headquarters.

The dead bodies we saw on the streets in Soochow on our first visit there after Japanese occupation, lay there for 10 days or more. On our later trips to the city, we observed that the street dogs were noticeably fatter. Equally ghostly were the building, damages amounting to more than a million dollars.

All that I have recounted is terrible, but the worse remains to be told—the violation of women of all classes. None can possibly estimate number of women ravaged by the lust-mad Japanese army. Personally, I know of enough cases to make me believe all the reports that I have heard. After all, what difference does it make in such wholesale assault whether the number is 9,500 or 9,600? One morning in Kwangfu, I met a young student of Soochow University who told me, with tears in his eyes, of the attack upon his beautiful sister. Again, I saw great numbers of village men sitting by the roadside, trembling—a band of armed Japanese soldiers had driven them from their homes, keeping behind their wives and daughters.

That night I was asked to stay at the home of a Chinese in order to help protect his daughters and other young girls who had come there for safety. It was well that I did, for that night at 11 o'clock I was awakened by a flashlight shining through my door's transom. Someone whispered, "Japanese are here." I

(Continued on Page 28)

CHANG-KING'S CATHOLIC CHURCH—DELIBERATELY DESTROYED

The charred beams and the coiling-less walls are all that remains of the Catholic church at Chang-king, a village about 80 miles west of Shanghai. Besides the church, a modern school and a residence on the property also was destroyed by fire, the damages being estimated at more than $50,000 (U.S.$16,500). It was here that a Chinese priest was slain while in the act of protecting a group of young girls from assault by two Japanese soldiers. The next day, it is said, when it was discovered that the man bayoneted was a priest, the church and the two other buildings were fired in order that the evidence of the murder might be covered up. Reliable reports say that in this one instance the Japanese have admitted the act as one of deliberate destruction.

(Continued from Page 19)

could be put into operation again, represents one of the cruelest blows which could be directed against the future prosperity of the port . . . . it is feared that Shanghai is being treated in a manner from which it will take decades to recover..... It must be apparent to the Japanese that a prosperous Shanghai is just as essential for them as it is for those Chinese and foreign interests which are being placed in such grave peril by a perfectly incomprehensible procedure."

The *Shanghai Evening Post and Mercury* had this to say about the deplorable situation:

"We wish to ask how such conduct (the removal of machinery and metals) can be squared with official Japanese assurances that there is intended to be no confiscation of Chinese belongings save in certain special instances involving Chinese close to or in the government or otherwise deemed guilty of leadership in China's resistance to Japan....the facts are so widely known, and for the matter of that there are so many foreign victims of the same activities, that we doubt if they will be disputed. When it comes to such property of immediately marketable value as, for example, cotton from warehouses, there is only one word for unauthorized seizure and removal and that word is theft."

What puzzles and annoys Shanghai is the oft-repeated Japanese assertion that they are conducting hostilities against the Nationalist Government and not the Chinese people. It is obvious to the observer that the organized plunder of Shanghai's most important industrial area cannot be carried out without the humble Chinese themselves being financially injured.

Apparently, the Chinese industrialist is being made to suffer in his pocket as so many of his nationals have suffered in their bodies.

Watchman Foo Lives in Chapei During War

COME what may, when Foo Soong-ling has a job to do—he does it!

Even if the annoyance proves as disturbing as a large-scale war, with bombs and shells raining on all sides, Foo Soong-ling the Watchman, watches though there is little left to watch.

In the district which skirts Juikin Road near East Yuhang Road, every house and every building has been smashed by shells, gutted by fire or looted. It is a gigantic heap of rubble, charred beams, piles of brick. Perhaps there is no district anywhere in Shanghai which was harder hit by the 1937 war. But through all the chaos and havoc lived Foo and his seven-year-old daughter. And they are still living at 117 Juikin Road, of which now only the ground floor stands, daylight

Foo Soong-ling and his daughter, Siau Voong who lived under the thundering din of war, in the very center of hostilities near East Yuhang Road and came out of it, as did his tiny daughter, unscathed. Foo is a watchman —and he kept his post, although there was little left to watch. *Photo by V. F. Mersling in the North-China Daily News.*

even showing where a shell sheared off a part of its outside wall near the ceiling.

Foo and his daughter saw the onrush of both armies. One day the Chinese soldiers were in possession of the block—and the next day the Japanese marines occupied it. So it went. But only for a day or so did Foo and his tiny daughter, Siau Voong, leave their abode and hide in other houses to keep out of the actual hand-to-hand fighting. They never left the district, however, and they have not been "south of the creek" since last summer. They are the only family that stayed in the area through the weeks of shelling, bombing, close-range fighting and fires.

In other houses nearby, the curious intruder sometimes comes upon human bones, attesting death by violence or from starvation. Old Foo and his daughter came through without a scar of battle. The little girl is a picture of health and cheerfulness, and the father complains only of a dropsical condition of his legs due to an insufficiency of vegetables. Friendly police officers at the Kashing Road Station see that he now gets enough greens and fruit to correct that disability.

Foo told his *North-China Daily News* interviewer quite blandly that he didn't leave like the rest of the Chinese population because the little house, now reduced to one story, was his home and that he had the alleyway to look after. He is still the watchman in that terrace, although the interviewer saw nothing tangible which Foo could watch. In fact, the reporter had to emulate a mountain goat to get to old Foo's doorstep—back or front—so high are the bricks piled on all sides. Once inside, he felt as if the ceiling might come down at any time or the front cave in. But Foo will not shift to one of the safer houses in the next terrace. It would look bad indeed if the owners returned and found the watchman in possession!

New Tariffs in North China Unsatisfactory

THE revised Customs tariff, promulgated and applied in January by the "Provisional Government of the Republic of China" at Peiping, and designed, according to trade analysis, to boost commerce between Japan and China, North China at the moment, found little welcome in February by importers in China or by holders of bonds secured on Customs revenue or even by the populace of the area for whose benefit the revisions are alleged to have been made. Particularly anxious were bond-holders who saw the security of their investments reduced by the tariff changes.

Definitely painstaking is customs tariff revision, requiring much investigation, the consideration of statistics and many economic factors, trade experts acknowledge. Although, as it is announced, "the revised tariff is the result of assiduous study of the Tariff Adjustment Committee of the government over the period of one month," the results achieved, those who have studied the act say, will not be regarded generally as being satisfactory even in the territory it is supposed to benefit.

The *British Chamber of Commerce Journal* (February) points out the following pertinent facts concerning the probable effects of the tariff revisions:

Drastic revisions of tariff downward, amounting to reductions of 50 per cent. of more of the tariff previously in force in the north and still effective in Shanghai and other parts of China, cannot fail to have a disturbing effect on commerce, which has to consider the disposal of goods imported at the higher rates of duty.

Though it was anticipated that this new tariff would put an end to the "special trade" (smuggling) carried on through the East Hopei Autonomous Government, reports from the north indicate that the trade, though less profitable, is still flourishing.

"The Provisional Government of the Republic of China" has, of course, disregarded the treaty of 1928, which provides that customs tariffs throughout China shall be uniform, and in so doing opens up a very wide field for the "special traders" who, in the absence of customs barriers between north and south, will doubtless avail themselves by the development of a special trade between north and south.

The British journal's statements are substantiated by a *Domei* news report which declares that Manchukuo and Kwantung will be treated as foreign countries, and imports from and exports to these places will be treated in accordance with the new tariff. Trade experts point out that this explanation is presumably made to indicate that absolute independence of North China and the maintenance of the integrity and administration of China. Emphasis on this point would not have been necessary, as imports from and exports to Manchukuo have been taxed ever since the establishment of the Manchukuo regime.

The general opinion among importers in Shanghai is that the new tariff regulations undoubtedly will have a beneficial effect on the Japan-North China trade, while foreign countries will suffer somewhat.

HANGCHOW—AN ANCIENT LANDMARK CRUMBLES UNDER WAR'S IMPACT

THE beautiful city of Hangchow, beside West Lake and noted as a spot for quiet retreat in the summer by both foreigners and Chinese, became a city of dread and horror from December 23rd, when Japanese troops marched in, until early in February. Even today, it is a city of desolation, its ancient landmarks smashed, its many buildings and houses broken by shell explosions, gutted by fire and looted of their contents.

Neutral observers constantly on the scene since its occupation report wholesale destruction and pillage to all Chinese property; however, foreign properties, especially missions, escaped practically unscathed. Notwithstanding the "protection" given foreign properties, reports have been made of three known assaults on foreign men by Japanese soldiers.

Throughout the Japanese occupation, observers say, no woman has been safe from attacks by the Mikado's army—and no attempt at intervention, or to curb the highly-undisciplined troops by the Japanese authorities. Complaints of this nature brought to the attention of officials found no sympathy. Protests were countered with, "You should see Shanghai or Nanking or Kashing!"

Added to the misery of Japanese occupation was the ruin left by the Chinese army in its strategic retreat. Bridges and all the roads around the city were blown up. Machinery of the power plant and the waterworks were dismantled or destroyed.

An account of an observer who has remained throughout the entire seige is a dramatic record of the havoc and chaos that prevailed in that once peaceful city. The account says in part:

"When the regimental commander of the Japanese troops arrived, we told him we wished to cooperate. But while we talked to him, we heard of two people shot by soldiers, one because, not understanding Japanese nor the writing of a Japanese soldier, he turned away rather quickly and was killed. The other, because he tried to run away. However, we hoped these were isolated occurrences. Our hopes were still high as Christmas morning dawned. But, later in the day I saw that the streets were full of straggling troops, not in any sort of order. One fierce-looking fellow was cutting the shutters of a shop with his knife, and then I saw all along the other side of the street going from shop to shop, looting and pillaging all over the town. Soon our refuges began to fill up with frightened women and children.

"Hurriedly, we began 'shepherding them into our refuges which soon were filled to capacity, admitting before anyone else the women and children. It was a pathetic sight to see these women stricken by terror at the things which had happened to them or that they had heard of and feared. From the morning of December 24th, we had to have the gates locked and a foreigner in charge.

"Each morning found more and more frightened women thronging to get into the refuges and from 1000 inmates, the two largest ones rose from 1500 and 2000 to more than 2500. What a sight they made inside! Camped out, for example in the — Girls School — the crush at the door, the gradual sorting out inside; the cramming of places already crowded beyond possibility of lying down; more and even more little groups of mothers and their big daughters and small ones, till in a dormitory building of three stories, every inch was crowded with humanity. There they sat all day; there they were fed and there they slept—a sight to turn anybody against war and its sufferings. And yet, these were the fortunate ones!"

The observers' account says that foreign mission workers soon became settled into a routine life. But it was a dreary, saddening routine for them. It was a routine of saving lives, protecting women and aged priests and ministers from attack; of finding wood with which to cook food after first finding the food, hoping it wouldn't be commandeered by the Japanese ration parties. It was a routine of doctoring, nursing soldiers, civilians, babies day and night.

One day a fire threatened a hospital, the report notes, with the flames running wildly through a block of dilapidated Chinese houses.

"We ran toward the hospital," the account relates, "to find the hospital workers rushing out. The flames crept to the edge of the building, but as there was a 20 foot wall nearby, the blaze was halted there. Nevertheless, all the patients had to be removed.

"From that time on, there were many fires in the city, and many times we were forced out in the night to attend these blazes."

The observer reports that he finally become milkman for the city after the regular carriers were frightened to make the rounds. There seemed to be a constant supply of fresh milk in Hangchow, and it is mentioned as one of the few blessings of the city. At the hospital, it was an "oasis" of order in a very disorderly world. In this institution, a kindergarten school, a primary school, a middle school and a bible school for women operated throughout like clock-work.

However, on the outside, in the disorderly world, the observer comments: "I doubt if one shop or house anywhere was left unmolested; in addition, in many places horses were stabbed in shops and houses, so that our beautiful Hangchow soon became a filthy, battered, obscene place. And added to the distress, were the constant reports of women being ill-treated.

"The frightened groups outside the refuges each day told their own tales, and we have in the hospital among other damaged women, two women with broken backs. One of them has both legs broken. Both were seriously injured when they jumped from an upstairs window to escape pursuing soldiers. The city became a city of dread, where robbery, wounding, murder, assault and burning all added their share to the cumulative fear. Only in the foreign compounds and in the refuges was there any sort of security.

"The authorities and especially the military police did their best to help foreigners, but the city at large there was no help. Unprotected Chinese were left at the mercy of soldiers whose dispositions led them into evil doing. When we had the opportunity to protest, the authorities professed to find it hard to believe such stories, and consistently treated them as of little importance."

The report commends the military police but laments that they were too few in number.

One observer reported that both the Chinese and Japanese armies had been throughout the three country parishes of the Hangchow District Church Council, leaving interested residents of Hangchow in considerable alarm as to just what has happened to them, guiding their fears by their knowledge of what happened in the city. So far, it is reported that the other three District Church Councils have not been invaded.

One neutral witness to the Japanese occupation of Hangchow recently commented:

"In Hangchow, there was a wonderful opportunity for the Japanese Imperial Army to show how a disciplined army can take possession of an undefended town — but the opportunity was not taken. There was no defense—not a Chinese soldier was left in town, and the Japanese evidently knew in advance that this was so; but instead of the soldiers being kept in order and the townfolk being encouraged to keep the life of the town going, five weeks after the occupation looting was being openly carried on by soldiers, without interference from officials."

CHINESE EDUCATIONAL CENTERS IN RUINS

(Continued from Page 6)

(g) Soochow

Soochow University	partially destroyed	$00,000

(h) Occupied by Japanese troops

Chiaotung University, Shanghai.
Shanghai Physical Academy, Shanghai.
Tsing Hun University, Peiping.

II. Middle Schools.

(a) Shanghai

Name	*Damage*	*Loss (M.$)*
Sin-lu Normal School	partially damaged	109,000
Li-da Middle School	completely destroyed	25,500
Wushung Middle School	" "	50,000
Fu-tan Middle School	" "	119.404
Aikuo Girl's School	" "	109,950
Chi Tse Middle School	" "	.....
Sing Ming Middle School	damage unknown	40,000
Yu Ching Middle School	completely destroyed	40,000
Tungnan Girl's Physical Academy	completely destroyed	150,000
Chen Chung Middle School	partially damaged	60,000
Mulung Middle School	completely destroyed	82,800
Hopei Middle School	damage unknown	50,000
Hwei Chuin Girl's School	completely destroyed	100,000
Tsienkuo Middle School	damage unknown	100,000
Anhwei Middle School	equipment destroyed	3,000
Sun-ya Middle School	" "	6,000
Liang Kiang Physical Academy	completely destroyed	100,000
Pootung Middle School	partially destroyed	2,000
Shihpei Middle School	completely destroyed	120,000
Cheshiu Girl's School	" "	221,000
Ta Kong Vocational School	partially damaged	30,000
Chung Teh Girl's School	damage unknown	290,000
Canton Junior Middle School	completely destroyed	
Ling-nan Junior Middle School	partially damaged	50,000
Tung Teh Nursery School	" "	3,000
San-yu Junior Middle School	damage unknown	.....
Cantonese Middle School	completely destroyed	200,000

(b) Nanking

Heng Chien Middle School	partially damaged	.....
Chung Nan Middle Schools	" "	.....

(c) Nanchang

Nanchang Girl's Middle School	partially damaged	1,000
First Pai Ling Middle School	" "	600

(d) Paoting

Yu Teh Middle School	major portion destroyed	100,000

(e) Tientsin

Tientsin Middle School	occupied by Japanese	100,000
Tientsin Girl's Middle School	completely looted	100,000
Ming Teh Middle School	completely destroyed	250,000
Kuo Ming Middle School	bombed and looted	200,000
Chiu Chi Middle School	partially damaged	15,000
Ching Chung Middle School	bombed & looted	5,000
Chungshan Middle School	" "	5,000
Shan Pei Middle School	" "	5,000
Chungshih Girls' School	" "	5,000
Hwei Van Middle School	" "	5,000

III. Primary Schools.

(a) Shanghai

District	*No. of schools*	*Damage*	*Loss (M.$)*
Chapei	8 schools	in war zone	47,953
Yin-zang	7 schools	" "	50,183
Kiangwan	9 schools	" "	61,890
Woosung	9 schools	" "	19,224
Civic Center	3 schools	" "	54,356
Yinhong	8 schools	" "	25,539

(b) Nanking

Name	*Damage*	*Loss (M.$)*
Kow Pang P.S. (primary school)	completely destroyed	unestimated
Teng Fu Hsiang P.S.	largely destroyed	"
Hsu Chiao Hsiang P.S.	partially damaged	"
Hsiang Pu Yin P.S.	largely destroyed	"
Ho Hwa Tang P.S.	partially damaged	"
Chen En Shih P.S.	" "	"
Pukow P.S.	" "	"
Yin Tze Hsiang P.S.	largely destroyed	"
Fang Chiao Yuan P.S.	partially damaged	"
Hsueh Yu P.S.	largely destroyed	"
Chung Shu P.S.	" "	"

(c) Nanchang

Yu Fei Mo P.S.	largely destroyed	1,000

IV. Cultural Institutions.

(a) Shanghai

Name	*Damage*	*Loss (M.$)*
City Museum	completely destroyed	390,000
City Library	" "	470,000
City Stadium	partially damaged	1,000,000
Commercial Press		
Aviation Association		
New China Construction Association		
Engineers' Association		

V. Total Loss on educational and cultural institutions.

Universities and Colleges	$15,322,420
Middle Schools	2,923,254
Primary Schools	259,129
Cultural Institutions	1,860,000
Total	**$20,364,803**

SOOCHOW NIGHTMARE

(Continued from Page 24)

secured my flashlight and rushed into the adjoining room. There I saw three Japanese soldiers flashing their lights into the faces of the 10 or 12 young girls sleeping on the floor. My presence surprised them and, at the sound of my angry tones, the marauders hurried down the stairs. The Chinese father stood by my side during these very tense moments.

I have told this story, because I cannot live with it hidden in my heart. And, should anyone believe that the Japanese army is in this country to make life better and happier for the Chinese, then let him travel over the area between Shanghai and Nanking, a distance of some 200 miles, and witness the unbelievable desolation and destruction. This area, six months ago, was the most densely populated portion of the earth's surface, and the most prosperous section of China.

Today the traveler will see only cities bombed and pillaged; towns and villages reduced to shambles; farms desolated, and only an old man or woman here and there digging in the once "good earth." The livestock has been either killed or stolen, and every sort of destruction that a brutal army, equipped with all the modern implements of war, can inflict has been done here.

And where are these people now who have been driven from their homes?

Countless numbers have been killed; others have been maimed for life; yet others are huddled in refugee camps, or hiding in mountain caves, afraid to return to their desolate farms, their empty shops and ruined businesses. Those who would dare return are not permitted to do so by the war-mad Japanese army.

It is shameful, indeed, in the face of all this, that the Japanese who control communication lines, are proclaiming to the world that they are inviting Chinese back to their ancestral homes to live in peace and plenty.

JAPANESE TSINGTAO MILLS WIPED OUT

(Continued from Page 16)

Texas and South Carolina in the United States. Decreasing production in Japan would inevitably result in Japan's decreasing purchases of raw cotton. For practically a decade, Japan has been America's best cotton customer. Many now wonder whether Lancashire and Manchester mills may again regain the large slice of world markets which they lost to the Japanese.

Japan's inability to refinance her enterprises in China is evidenced by the desperate attempts now being made to borrow money in the United States.

CATHOLIC LOSSES NEARLY $4,000,000

(Continued from Page 7)

further financial problems through the wrecking or burning of revenue producing properties—funds from which have been diverted toward the upkeep of their many institutions. In Shanghai, one-half of their property, shops, etc., which paid rent, were caught in the path of war and destroyed. In Chinkiang, four-fifths of such property has been wiped out; Nanking's losses are one-half of the total property, while at Sungkiang one of the schools has been destroyed and the other one bombed from the air.

The China Press (Feb. 27) reports that the Franciscan Sisters and two fathers, now in Shanghai, are anxious to return to Nanking to provide aid to the refugees there, and are patiently awaiting permission of Japanese authorities. The newspaper says that lately Catholic fathers have been able to return to their posts in areas outside of Shanghai; however, they are limited in their movements.

The priests also are hindered in moving about after dark owing to the large number of irregular soldiers and armed robbers who are reported to have literally infested the entire surrounding district, particularly Pootung and areas south and west of Shanghai, the newspaper points out. Formerly, priests lived in centers located in the larger villages. All such major centers are now under military occupation.

PUZZLE—WAS IT ACCIDENTAL OR "PSYCHOLOGICAL?"

This curious juxtaposition of pictures, showing the Japanese airbombing of the Nanchang, Kiangsi, Airfield, —and a view of the new San Francisco Bay Bridge,—appeared in a recent issue of the *Osaka Mainichi*, leading Japanese newspaper. The publication of the picture caused a shock in American Naval and Army circles because of the suggestion that the new San Francisco bridge might also be the objective of Japanese bombers. The picture of the bridge was issued by the promoters of the Golden Gate International Exposition to be held on historic Yerba Buena Island in 1939, hence its publication side-by-side with scenes of Japanese airbombings in China may have been accidental rather than "psychological." According to the inscription under the pictures, the large one at the top showed the Nanchang airfield after a bombing attack while the smaller picture in the lower right corner showed an exploding bomb at another field, stated to be Chuhsien.

There were two other pictures on the page but both were scenes of Japanese airbombings in China. The construction of the new San Francisco bridges was delayed for several years due to the belief on the part of Army and Naval engineers that the bridges might serve as targets for enemy planes or naval craft.

YOUR HELP NEEDED!

Up to March 12, the Shanghai International Red Cross has among other things spent $859,758.48 for caring of refugees, $147,906.24 for wounded soldiers, and $164,361.74 for medical and work supplies. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Although in recent weeks there has been a slight decrease in the number of refugees here, the Shanghai International Red Cross is still called upon to support some 147 camps with over 120,000 refugees.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars ..... as my donation to the Shanghai International Red Cross.

Name .....

Address .....

RUSSO-JAPAN CHESS GAME FOR CONTROL OF ASIA

From the St. Louis Post-Dispatch

Included among the arrested Japanese were Miss Yoshiko Okada, a screen star, and Mr. Ryokichi Sugimoto, noted play producer, who were reported to be on their way to Moscow under guard following their sensational dash across the snow-bound Soviet-Japanese border in Saghalien in January.

Thirty-four fishermen now under detention were said in the note filed by Mr. Mamoru Shigemitsu, Ambassador in Moscow, to have been arrested after they sought shelter in Soviet territorial waters in stormy weather.

Mr. Shigemitsu made the representations 24 hours after receiving the Soviet Government's demand for the immediate release of the Kuznetstroy and the fishing schooner Vympel.

Failure to comply with this demand would be retaliated by the continued detention of the Japanese nationals and their vessels.

The Vympel was detained by the Japanese authorities in Yasubetsu, South Saghalien, on a charge of having violated the Military Secrets Preservation Law.

The Soviet authorities claimed that the Vympel, which carried a crew of four and 13 passengers, was driven off her course by a storm.

Soviet officials also alleged that the Japanese authorities in Saghalien offered to free the ship in exchange for the release of "spies and other criminals convicted or brought to trial in the U.S.S.R."

Japan May Take Action on Saghalien Border

Action, whose nature was not divulged, will be taken by the Japanese Army "to remedy the situation" along the Soviet-Japanese border in Saghalien, Mr. Kumeshiro Kato, Parliamentary Vice-Minister of War, told the Diet March 9.

The Portsmouth Treaty of 1905, he recalled, stipulated the demilitarization of the areas on both sides of the border. "The Soviet side of the boundary," he said, "is, however, strongly guarded now by regular troops and agents of the G.P.U."

The statement was made in reply to an interpellation by Mr. Taira Tachikawa, of the Seiyukai, who called the Army's attention to the inadequacy of patrols in South Saghalien, "where the Soviet Government is maintaining strong border patrols and has increased armaments."

Korean Editor to Be Deported

Caught in the act of planning the publication of an anti-Japanese paper in Shanghai, a Korean named An Sai-kan will be deported to Korea shortly following the completion of investigations of his case, according to local Japanese newspapers.

He was arrested on Feb. 25 by the Koreans' Section of the Japanese Consular Police. An, aged 41, came to Shanghai in 1923 from Shinanshu-men, Anshu-gun, Heian-nan-do, Korea and became "Imbued with dangerous thoughts," the papers said, while earning a livelihood as a hawker of ginseng. In that year he entered the Wuchang Military College, and joining the "Heroic League" and the "Eastern Oppressed People's Association," embarked on an anti-Japanese career, taking charge of the publication of the latter's organ, the "Eastern Peoples."

Since then, climbing the journalistic ladder from his humble beginning as a ginseng peddler, the indefatigable An also became the editor of the "Revolutionary Review," organ of the Korean Revolutionary Party at Nanking, which he joined in 1932, and participated in the publication of the "Air Force," a journal of the Chinese Aviation School at Hangchow, which he entered in March, 1934.

With the outbreak of hostilities, An, now a seasoned agitator, was sent to Shanghai to circulate anti-Japanese propaganda for the Korean Revolutionary Party, the papers said. He was planning a newspaper for that purpose when arrested.

Germans Concerned Over Future of Far Eastern Trade

Representatives of German firms trading in the Far East expressed anxiety over future prospects at the annual banquet of the Hamburg-Bremen Far Eastern Association held on March 7. Herr Helfferich, a government official, declared that the future of German business houses "fills us with anxiety. We are also concerned about our trade with Japan. We are friends of both countries and therefore we desire only the restoration of peace in the Far East." Herr Koenig, State Secretary for Communications spoke on the necessity of safeguarding German trade. Some 400 exporters and industrialists attended the meeting.

Hitler Grabs Austria in Bold Coup Which Leaves Europe Gasping

ANSCHLUSS, the long dreamed of union between Austria and Germany, was achieved last week-end in another spectacular Hitler coup that left Europe gasping and gave Japan an even freer hand in the Far East.

The Versailles Treaty was given another blow as Herr Hitler directly violated Article 80, in which Germany not only acknowledged the independence of Austria, but agreed that this independence should be inalienable.

Briefly, Reichsfuehrer Adolf Hitler's invasion of Austria consisted of the following diabolically clever steps: On February 12 he invited Austrian Chancellor Dr. Kurt von Schuschnigg to his mountain retreat in Bavaria for the so-called Berchtesgaden conversations, following which the Austrian cabinet was shuffled so as to include pro-German Arthur Seyss-Inquart as Home Minister, and National Socialists elements in Austria were given greater political privileges, although the Chancellor's Patriotic Front remained the dominant party.

Other less startling changes were made in Austria, but evidently Chancellor von Schuschnigg was resisting the pressure being applied by Herr Hitler. The semi-secret conflict came to a head when the Austrian Chancellor, during a speech at Innsbruck, announced that a plebiscite would be held on March 13.

"Threats which can be connected with the Berchtesgaden agreement," he exclaimed, "cannot intimidate me. The agreement will be carried out, but not an iota more. I do not want Austria to build up the Fatherland idea on a personal basis or a personal government.

"For years we have been challenged to hold a plebiscite. Now the moment has come to prove that we are ready to make a stand for independence. I stand or fall by the success of the Austrian people on Sunday."

But while Austria prepared for the plebiscite, international events had played into the hands of Herr Hitler. In France, the Chautemps Cabinet fell. In Great Britain, the Prime Minister Neville Chamberlain, with his policy of making peace with the dictators, had just succeeded in triumphing over the more idealistic Foreign Secretary Anthony Eden.

Herr Hitler moved before Austria could hold the plebiscite, which observers believe would have resulted in a 60 per cent vote in favour of Austrian independence and the policy of Chancellor von Schuschnigg. On March 11 German troops were marching towards the Austrian border.

It has been said, and denied, that various ultimatums were presented to Chancellor von Schuschnigg, but even German circles admit that probably Nazi members of the Austrian Cabinet "suggested" the course of action which the Chancellor was forced to follow.

Dr. von Schuschnigg's resignation was announced in a moving speech broadcast to the country. Speaking in solemn ones, vibrant with suppressed emotion, the Chancellor confirmed that he was forced to resign because Herr Hitler had threatened an armed invasion of Austria.

"I declare before the world," he added, "that reports spread in Austria that there had been labor disputes, that streams of blood were flowing, and that the Government was not master of the situation and could not keep order were invented from A to Z.

"The President authorizes me to inform the Austrian people that we yield to force."

Dr. von Schuschnigg said that even in this grave hour, they intended, at any price, to avoid the shedding of German blood, and had given armed forces an order, in case an invasion was carried out, to withdraw without resistance and to await further decisions.

The President, he added, had entrusted General Schilhawsky, Inspector-General of Troops, with the command of the armed forces, through whom further instructions would be given the armed forces.

"I take my leave of the Austrian people," the Chancellor concluded, "with a German word and heartfelt wish—God protect Austria!"

A provisional government was formed in Austria, and the provisional Chancellor, Herr Seyss-Inquart, "invited" the German troops massed on the border to enter the country to maintain order. The Anschluss had been effected upon the request of the Austrian "government."

IS THIS THE PROGRESS OF HUMANITY?

Fitzpatrick in the Louis Post-Dispatch

Paris Worries About Czechoslovakia

Authorized circles in Paris declared that no action is possible now in connection with Austria events, not even an appeal to the League of Nations, since Herr Seyss-Inquart in the capacity of Chancellor of Austria, asked for the assistance of German troops, and the Austrian Army had already been instructed by Dr. Kurt von Schuschnigg not to resist the advancing German troops.

French circles express the deepest concern regarding the fate of Czechoslovakia. They point out that the Franco-Czech treaty provides for mutual assistance only in case of action characterized as territorial aggression, but the French Government is contemplating a modification of the treaty and the adding of clauses referring to any sort of aggression, even though disguised aggression. Anglo-French parleys are already going on regarding the subject.

The British Government is at present bound with regard to Czechoslovakia only by the obligations of the League Covenant, but it is understood that Great Britain is in no way disinterested in the Czechoslovakian situation.

Mussolini Hides Fears

Several years ago when Hitler threatened Austria Premier Benito Mussolini rushed troops to Brenner Pass, indicating his determination to see that Austrian independence be maintained. Ever since the World War Italy has laid claims to the Austrian Tyrol, which she felt belonged to her as one of the victors of the struggle. Various "strong men" in Austria have received the support of Il Duce, including the monarchist Prince Ernst Rudiger von Starhemberg and the late Chancellor Engelbert Dollfuss.

Bus this week Italy was singularly quiet. After semi-official circles had at first approved of Chancellor von Schuschnigg's plan to hold a plebiscite, the Italian press revealed after Hitler's coup that Dr. von Schuschnigg had not informed Il Duce of his plans and that Italy had advised Austria not to hold a plebiscite on such short notice.

Italy's *volte face* is generally explained by weakness. Certainly, Herr Hitler sent a special envoy to Il Duce bearing a letter of grave importance, but the arguments contained therein should be of little consequence to a "realistic" statesman like Signor Mussolini.

Herr Hitler's letter to Signor Mussolini affirmed:

"My action in Austria is only to be regarded as an act of legitimate national defense which any man of character would have done. You too, Your Excellency, could not have acted differently if the destiny of Italians had been at stake.

"At a critical hour for Italy, I demonstrated to you the strength of my sentiments. Don't doubt that, in the future also, nothing will be changed in this respect." (This reference is to Germany's abstention from the sanctions campaign).

"Whatever may be the consequence of coming events, I have drawn a definite German frontier with France and I now trace one equally definite with Italy. It is Brenner Pass.

"This decision will never be touched or questioned. I did not take this decision in the year 1938 but immediately after the end of the Great War."

Herr Hitler's letter was read by Signor Alfieri, Minister of Popular Culture, to 300 journalists. The Fascist Grand Council, said Signor Alfieri, had noted that the Austrian Government had not informed the Italian Government of the results of the Berchtesgaden agreement and the decisions which followed it.

Although many Fascists are frankly alarmed by Germany's bloodless conquest of Austria, the Fascist Grand Council rejected a French request for concerted action to prevent German control of Austria.

The action was regarded in Rome as indication that Italy intends to maintain an attitude of strict neutrality in the Austrian crisis.

Some Italian circles viewed with "increasing interest" the arrival of German troops on the Austro-Italian border. Most German frontier guards along the Italian border, however, have been withdrawn to Innsbruck. The move was regarded as an indication that Herr Adolf Hitler wished to relieve tension in Italy.

The French note to Italy was delivered a few hours before the German invasion of Austria and requested Italy to announce her support of the Austrian Fatherland Front Government in its proposed plebiscite on Austrian independence. Its rejection by Italy left little doubt that Italy has decided to accept Herr Hitler's programme in Austria.

Vatican Dismayed

The accession to power of the Nazis in Austria caused dismay in Vatican circles, which see therein the fall of the last stronghold of Catholicism in the German world.

It is felt that Austria will now be subjected to paganizing influences against which the Catholics in Germany have been struggling. News was received here that the advent of the Nazis in Austria had been immediately followed by the arrest of the 74-year-old Archbishop of Salzburg.

Troops Pour Into Austria

Soldiers of the German regular Army entered Nazified Austria at dawn on March 12.

The new Nazi Chancellor, Dr. Arthur Seyss-Inquart, summarily resolved the Fatherland Front while the stock exchange and money markets closed. The new Government began the confiscation of foreign newspapers containing "false reports of the situation."

Dr. Kurt von Schuschnigg, who for four years had attempted to keep Austria an independent state on the path he swore on the death bed of Dr. Engelbert Dollfuss, was under guard at his home by Nazi Storm Troopers. It was reported that he was ill and under the care of friends. Later he left the country.

Germany poured hundreds of armed troops and mechanized units into Vienna to take complete control of the Austrian Government. German tanks rumbled through the streets of the capital and down Vienna's famous Ringstrasse as armed Nazis began their violent campaign against Austrian Jews.

Armed Nazi Storm Troopers, many of them from Germany, meanwhile invaded Vienna's ghetto, attacking Jews on the streets and beating several Jewish boys severely. A Jewish shop selling swastika flags was closed by force while Jews sought hiding or escape from the country.

Austrian newspapers, inspired by the Nazis and under the control of a former German newspaper correspondent in Vienna, launched a bitter campaign against the Jews.

Dollfuss Square in the centre of Vienna was renamed Adolf Hitler Square as the Nazis sought to erase all memories of the late Austrian Chancellor, Dr. Engelburt Dollfuss, who was assassinated after opposing Nazi ambitions in Austria. Provisional signs carrying the new name of the square were erected on street corners.

Most business firms and banks suspended operations in Vienna to-night.

Opposition to the Nazification of Austria, including the violent anti-Jewish campaign, was slight. Federal troops were forced to quell disturbances, however, at Salzburg and Hallein, the latter the centre of Austria's salt mining district.

Nazis Force Resignation of Miklas

Events moved rapidly March 13 with the proclamation of the Anschluss by Herr Arthur Seyss-Inquart, its confirmation by Herr Hitler in a decree at Linz, the resignation of President Miklas, the fixing of a new plebiscite for April 10, the placing of the Austrian army under the Fuehrer's direct command, and the recall of the Austrian Ministers in Paris, London, and Prague.

The decree signed by the Fuehrer reads as follows:

"The Fuehrer, Supreme Chief of the Army, proclaims:

1. The Austrian Government has decided a union of Austria with the German Reich; The Reich Government has recognized this decision by a special law promulgated today. 2. I have therefore decided that the Austrian Federal Army shall be placed under my command as a part of the German army. 3. General von Bock will be Commander of the German Army within the Austrian borders. 4. All members of the former Federal army must immediately take an oath recognizing me as their Supreme Commander; General von Bock is entrusted immediately to take the necessary steps."

NOT FRIGHTENED!

Current History, N. Y.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Feb. 16.—Following an anxious week when Japanese troops on both Tientsin-Pukow and Peiping-Hankow Railway fronts launched simultaneous attacks on Chinese positions, Chinese forces finally succeeded in consolidating their lines, according to Hankow report. Central Government units now defending well-prepared positions in vicinity of Yellow River, the crossing of which, if attempted by the Japanese, "will prove most expensive for them."

Feb. 16.—Two regiments of Chinese troops succeed in scaling walls and entering the city of Tsining, southwestern Shantung, which has been besieged by Chinese troops for some time.
Wenshang, 50 kilometers north of Tsining, said recaptured.

Feb. 16.—Chinese planes bomb Japanese positions in northern Honan and southern Hopei Feb. 15. Some 20 Japanese tanks and two Japanese planes destroyed.

Feb. 16.—Recapture of Liyang and Ihsing, southeast of Nanking, reported by Chinese troops.

Feb. 16.—Gen. Ma Hung-kwei, Governor of Ninghsia and leader of the Mohammedans in Northwest, pledges support to National Government.
Gen. Ma Chan-shan, famed hero of the Nonni River Battle (Manchuria) in 1931, is now commanding forces garrisoning Wuyuan, west of Paotow, which is western terminus of Peiping-Suiyuan Railway.

Feb. 16.—British, American and French authorities agree to support Municipal Council of International Settlement of Shanghai in opposing Japanese interference with its functions or to alter character of the administration, declared Lord Plymouth, Under-Secretary of State for Foreign Affairs Feb. 15, according to **Reuter** report from London.

Feb. 16.—Imposition of mail censorship by Japanese in Shanghai regarded imminent. Some 20 censors said arrived from Japan.

Feb. 16.—James Edward Walsh, American businessman, reported to American Consular authorities that he had been assaulted by Japanese soldiers while engaging in removing merchandise from Hongkew district; was detained at Japanese military headquarters for two hours.

Feb. 16.—Dr. H. H. Kung returned to Hankow from Hongkong Feb. 15 after visiting in Hongkong for one week, during which time he conferred with T. V. Soong and others, according to reports.

Feb. 16.—Unknown number of Japanese planes raiding Lanchow, capital of Kansu, reported to have all been shot down by large number of Soviet planes concentrated there, according to Lanchow message received at Hankow.
Japanese bomber raiding Canton-Hankow Railway shot down.

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Feb. 17.—Chinese claim further success on Tientsin-Pukow railway front; Tsining declared to be completely in Chinese hands. Mingkwang, on southern sector of the Railway, reported recaptured by Chinese irregulars.

Feb. 17.—Fighting on Peiping-Hankow railway front raging near Hsinhsiang, 40 miles north of Chengchow. Weihaiwei, gate to Hsinhsiang, reported captured. Vanguards of Japanese troops reported to have reached northern bank of Yellow River directly north of Kaifeng. Chinese positions on south bank heavily shelled and bombed.

Feb. 17.—Japanese troops in Shansi resume offensive operations, operating with three columns.

Feb. 17.—Sir Archibald Clark Kerr, new British Ambassador to China, arrived at Hongkong.

Feb. 17.—Sixth Regiment, U. S. Marines, commanded by Brigadier-General John C. Beaumont, departed from Shanghai for San Diego.

Feb. 17.—League of Nations Health Mission to China arrives at Hankow. Five Chinese children called on American Ambassador Nelson T. Johnson and expressed their gratitude for funds raised in the U. S. A. towards support of children war refugees in China.

Feb. 17.—According to information from 4th U. S. Marine headquarters, Japanese army officers expressed regret to the American Marine corps authorities that activities of Japanese patrols on Bubbling Well Road had given rise to controversies; stated that instructions have been given Japanese gendarmes not to extend their routine patrols into the American sector in future.

Feb. 17.—All streets and roads leading from Chinese Civic Center in Kiangwan area and from Yangtszepoo district have been renamed by the Japanese. New names include Gen. Matsui, Admiral Togo, Prince Konoye and others.

Feb. 17.—Appropriation for the supplementary Army and Navy Budget for financing military operations in China during next fiscal year fixed at Y. 4,800,000,000, according to **Asahi Shimbun** of Tokyo.

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Feb. 18.—Chinese troops recapture Siaopengpu, on North bank of Hwai River, opposite Pengpu, Anhwei, forcing the Japanese to retire to south bank. Three other cities on Tientsin-Pukow Railway, Linghuaikwan, Hwaiyuan and Fengyang, also attacked by Chinese columns.

Feb. 18.—Japanese claim capture of Hsinhsiang, on Peiping-Hankow Railway, but admit Weihaiwei not recaptured, as previously claimed.

Feb. 18.—After desperate fights high above Hankow, five Japanese pursuit planes, forming part of a squadron of 27 raiding machines, were shot down, according to official announcement by Chinese Aviation Headquarters. 30 Chinese planes engaged the raiders. Chungking, provisional seat of Chinese Government, raided by Japanese aircraft for first time. Active anti-aircraft maneuvers held daily in Chungking during past few days.

Feb. 18.—Last "positional" battle of present war probably will be fought in Hupeh, possibly near Hankow, in the opinion of observers there. Gen. Chiang Kai-shek reported ready to put at least 40 Divisions into the field for this forthcoming battle. New Chinese Army, equipped with the latest types of weapons of war, now being trained, will be composed of reorganised divisions and fresh recruits.
Chinese air force also strengthened with arrival of new bombers and pursuit planes from abroad, Gen. Chiang Kai-shek reported frequently visiting various fronts.

Feb. 18.—Japanese Imperial Headquarters announced that fresh troops would be lent to China "in order to meet the new situation."

Feb. 18.—Japan to print carefully edited textbooks for Chinese schools in Peiping; all Chinese nationalistic ideas to be eliminated, according to **Reuter** report.

Feb. 18.—New motor road joining China and Burma to be completed in three months, according to Chungking report.

Feb. 18.—Chinese air squadrons bomb Japanese positions at Hangchow, Pengpu on Tientsin-Pukow railway and, Hsinhsiang and Taming on Peiping-Hankow Railway, according to reports from Hankow. Canton-Hankow Railway and highway leading from Canton severely bombed by Japanese planes Feb. 17. Five people killed; slight damages to road.

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Feb. 19.—Hankow report stated situation on Peiping-Hankow Railway front grave for Chinese troops, forced to abandon Hsinhsiang, 40 miles north of Chengchow, on Peiping-Hankow Railway. To check Japanese rapid advance toward Chengchow, Chinese troops blew up long bridge across Yellow River.
Japanese reinforcements reported pouring into Shansi province, where Japanese planning to launch fresh offensive, from Manchuria via Peiping-Hankow railway. Aim of new drive, according to official Japanese sources in Peiping, to complete clearance, from southern half of the province, of all Chinese opposition. Three Japanese columns operating with Fengchow, Linhsien and Pingyao as objectives.
Domei reported Japanese troops captured Poai, important Station on Hsuansien-Tzechow Railway, which, it was claimed, brought Japanese troops within 72 kilometers of Loyang.

Feb. 19.—Tokyo official statement places Chinese losses on Peiping-Hankow Railway and Shansi fronts from Feb. 10 to Feb. 17 at "no less than 30,000," and Japanese losses at "56 killed."

Feb. 19.—Twelve out of twenty-seven Japanese planes raiding Hankow Feb. 18 were shot down and two Japanese pilots captured, according to final check by Chinese authorities. Chinese losses include 3 planes destroyed, 2 missing and 1 damaged. Raiders engaged in

bitter fights by 30 Chinese planes flown by freshly-trained Chinese pilots, machines reported to be Soviet bi-planes.
According to Japanese official reports, "altogether 30 Chinese planes were shot down," but claim unconfirmed by neutral observers.

Feb. 19.—**Reuter** report from Hankow stated China's air force now composed of three groups: first consisting of Soviet planes and pilots, second group of foreign volunteers, known as "Foreign Legion" commanded by an American Col. Chenault and third group, of Chinese pilots exclusively.

Feb. 19.—Gen. Iwane Matsui, Commander-in-Chief of Japanese Forces in Central China, recalled, and Gen. Hata, former Commander-in-Chief of Korean Army appointed his successor, according to London report by **Reuter.**

Feb. 19.—According to Hongkong correspondent of Tokyo **Asahi Shimbun,** 23 foreign vessels carried war supplies to China through Hongkong from Jan. 2 to Feb. 15. These included one Danish, one Italian, 12 British, 3 German, 3 Norwegian, 2 Dutch and 2 American ships.

Feb. 19.—Another unidentified decapitated head, of Chinese, the 5th in two weeks, found in French Concession in Shanghai.

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Feb. 20.—Herr Hitler formally announced that Germany would recognize "Manchukuo."

Feb. 20.—Japanese troops north of Kaifeng, Honan capital, attempted to cross Yellow River at Chulin; gunfire audible in Kaifeng. Japanese forces in southern Shansi captured Tungyangkwan, strategic pass in Taihang mountains, attempting to cut the Tung-Pu Railway and capture Linfeng, provisional capital of Shansi.

Feb. 20.—Total area occupied by Japanese in North China is 260,000 square miles (territory little smaller than Japan proper), according to official communique issued by Tokyo government. Statement also claimed occupation of 27,000 square miles in South Central China.

Feb. 20.—After five weeks' visit in Hongkong, Madame Chiang Kai-shek left for Hankow by airplane.

Feb. 20.—Fifteen Chinese planes raided Japanese positions in Wuhu and Tatung Feb. 19. One Japanese destroyer near Wuhu reported sunk.

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Feb. 21.—Chinese Governmental and public circles in Hankow denounce Hitler's announcement of recognition of "Manchukuo." Influential Chinese daily, **Ta Kung Pao,** declared, "China will never forget Germany's decision."

Feb. 21.—"I do not consider China mentally or materially strong enough to resist any Bolshevist attack," declared Hitler in speech before Reichstag while announcing Germany's decision to recognize "Manchukuo." Openly favors Japanese victory over China.

Feb. 21.—Japanese planes raided Canton four times, met with hot fire of anti-aircraft guns; one raider reported shot down.

Feb. 21.—Capture of Hsinhsiang on Peiping-Hankow Railway by Japanese confirmed at Hankow.
Japanese forces claim further gains in South Shansi. Following capture of Tungyangkwan, Japanese move westward with Linfeng on Tung-Pu Railway as objective.

Feb. 21.—Hundreds of small Chinese villages along Peiping-Hankow railway burnt and thousands of people rendered homeless as result of Japanese attempt to stamp out Chinese guerilla bands, according to **Reuter** report from Peiping.

Feb. 21.—General Chiang Kai-shek, in radio speech on occasion of fourth anniversary of New Life Movement (on Feb. 19), calls for nation-wide resistance against Japanese.

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Feb. 22.—Chinese troops on Peiping-Hankow Railway dispersed by Japanese forces reported falling back in two directions, one body retiring into southeastern Shansi and the other toward district north of Loyang to prevent the Japanese from crossing Yellow River at that point, strong Chinese force also concentrated at Menghsien, directly north of Loyang.

Feb. 22.—Severe fighting continues in South Shansi. The Japanese reported marching in three columns on Linfeng, provisional capital of Shansi.

Feb. 22.—Ten Japanese planes standing on Chienchiao airfield, at Hangchow, destroyed during Chinese air raid, according to Hankow report.

Feb. 22.—Sun Fo, president of Legislative Yuan, after spending several weeks in Moscow on special mission, departed (Feb. 21) for France.

Tokyo Claims Foreign Journalists in China Subsidized

The Japanese Army claims to have discovered secret documents at General Chiang Kai-shek's official residence in Nanking proving that foreign newspaper correspondents have been paid subsidies by the Chinese Government.

Reuter's Tokyo correspondent reports that in this general indictment *Reuter* is specially singled out for attack.

On March 15 the Tokyo *Nichi Nichi* featured a message from its Shanghai correspondent to the effect that "the Chiang Kai-shek regime has now resorted to bringing foreign newspapermen in an attempt to gain world sympathy by means of fabricated propaganda."

The *Nichi Nichi* declares that "Tung Shien-huang, chief of the Propaganda Department of the National Military Council, recently secretly bribed two foreign journalists in Shanghai to proceed to Hankow where they are now fabricating news concerning conditions in Shanghai, Nanking, Hangchow and Wuhu for the purpose of injuring the honor of the Japanese Army."

In the next paragraph *Reuter* is singled out for attack. "Reuter," states the *Nichi Nichi*, "is regarded as having forsaken its third party position in the Sino-Japanese hostilities and to have worked with the intention of injuring Japan's Continental policy by means of its wilfully distorted news. The fact that *Reuter* has actually been the object of manipulation by bribery on the part of the Chiang Kai-shek regime has now been exposed through secret documents seized by the Japanese military authorities in Nanking."

These documents are alleged to have been found at the official residence of General Chiang Kai-shek and the *Nichi Nichi* prints a photograph purporting to record a resolution adopted at the 13th meeting of the Standing Committee of the 5th Executive Committee of the Kuomintang, at which 40,580 yuan was voted as "a monthly encouragement fund for the newspaper industry," from which no less than 10,000 yuan was ear-marked for *Reuter*.

The *Nichi Nichi* concludes by stating: "from this it may be seen what efforts the Nanking Government has made to obtain Reuter's support for their cause."

Russian Aviator Taken Prisoner

For the first time since the outbreak of the Sino-Japanese hostilities, a Soviet Russian aviator in the service of China was captured by Japanese forces.

He was taken prisoner at Wuhu after he had bailed out in his parachute from his disabled bomber on Monday afternoon, a Japanese naval spokesman announced March 15. Two of his companions, one a Chinese and the other an Occidental, crashed with the machine. The Occidental was killed, while no information was available as to the fate of the Chinese.

The Russian prisoner was taken into custody by the Japanese Army forces at Wuhu. The machine, identified as a Soviet SB bomber, was damaged beyond repair. The Chinese bomber was engaged in combat by Japanese pursuit aircraft as it attempted to attack Japanese positions near Wuhu.

Loss of Japanese Aviators During Hostilities

In addition to the loss of 513 Japanese airplanes, it is learned that 427 Japanese aviators were killed and 422 wounded in China between the period of Aug. 13, 1937, and Feb. 28, 1938, *Kuo Min* reported from Hankow.

Of the 427 killed, 382 lost their lives in South China and 45 in North China. 337 aviators were wounded in South China and 85 in North China. Of the 719 killed or wounded in South China, two-thirds belonged to the Japanese Naval Air Forces and the remainder to the Japanese Military Air Force.

In addition, more than 20 Japanese aviators were taken prisoners by the Chinese. Among the killed were one Captain, two Commanders, seven Lieut.-Commanders and 15 Lieutenants and a number of Japanese "air aces."

Japanese Air Raids on Northern Tsin-pu Railway Front

Large numbers of civilians were killed or wounded by Japanese air raids on various towns on the Northern Section of the Tientsin-Pukow Railway in southern Shantung during the week-end.

Reports have been received to the effect that during a raid on Tenghsien, 34 miles south of Yenchow, in southern Shantung, three bombs were dropped by Japanese bombers on an American mission building, and four bombs on a German mission church. Scores of the inmates were killed or wounded.

Two reconnoitering flights were made yesterday by Japanese airplanes over Tenghsien and Taierhchwang, the junction of the Lincheng-Taierhchwang branch of the Tientsin-Pukow Railway and Taierhchwang-Chaoteng branch of the Lung-Hai Railway, on the Shantung-Kiangsu border.

Soviets Building New Railway To Northwestern China

Mongolian travelers revealed in Suiyuan March 14 that Soviet authorities have started construction of a new railway linking Urga, capital of Outer Mongolia, Kuyen in north Ninghsia, Kanchow and Lanchow in Kansu, northwest China, according to *Domei*. Soviet railway construction already is under way in Sinkiang Province.

A motor road also was opened between Kuyen and Kanchow, and it has been used to transport aircraft, arms and ammunition from the Soviet Union to China, the same sources reported.

American Attitude Towards Sino-Japanese Hostilities Discussed by Foreign Policy Association

BY GEORGE KAO

FOUR points of view on America's policy in the Far East—collective security, neutrality, consumers' boycott, and big navy—were discussed last Saturday at the bi-monthly luncheon and panel discussion of the Foreign Policy Association in New York. Although the four speakers, proponents of the various views, differed widely among themselves, they, together with the 1,000 persons who attended the meeting seemed to be in agreement that the Far Eastern policy of the present administration is just about the worst there is.

The principal speaker of the symposium was T. A. Bisson, Foreign Policy Association research associate recently returned from a year in China and Japan, who advocated along with Maxwell S. Stewart, associate editor of the liberal weekly *The Nation*, collective action and boycott to stop Japanese aggression. However, in view of the outbreak on the same day of the news of the United States note to Japan on naval building plans, the press gave prominence to the speech of Rear-Admiral Yates Stirling Jr., U.S.N., retired, who called for a fleet and air force twice the size of Japan's as America's only hope for security in the Pacific. The isolationist and neutrality school of thought was represented by George Soule, an editor of *The New Republic*.

Mr. Bisson laid the background for the debate with an account of conditions in North China under Japanese military occupation. An objective, first-hand picture was given of Peiping during the autumn months of last year, where the speaker observed profound changes, through Japanese influence and that of their puppets in the local Peace Preservation Committee, in all phases of institutional life: business on a drastic slump; newspapers and cultural agencies bent to Japanese purposes; radio disseminating Japanese propaganda; and wholesale changes in education.

Turning to the military situation in North China, Mr. Bisson advanced his opinion that "the Japanese have won all their campaigns but are in some danger of eventually losing the war." In Shansi province, he said, the Japanese forces were never able to come to grips with their chief opponent, the Eighth Route Army, comprising 100,000 former Communist troops, fighting by surprise attacks and swift movements "like Lawrence in Arabia."

"China alone cannot do more than prolong the war over a period of years," Mr. Bisson said, "leaving its eventual results uncertain and multiplying all its unfortunate effects." He pointed out the domination of Japanese militarism over liberalism and, consequently, the futility of waiting for an internal upheaval in Japan to end the war. The Far Eastern expert then suggested three steps which must be taken by the United States: "(1) The consumers' boycott of Japanese goods—a non-violent sanction with no risks attached—should be made as thorough and complete as possible within the limits of voluntary education and propaganda. (2) Every effort should be made to see that China is supplied with the munitions of war indispensable to the defense of its national existence. (3) The United States should cooperate with other nations, preferably under the auspices of the Far Eastern Advisory Committee of the League of Nations in an embargo of shipments of scrap iron, oil, and other raw materials vitally necessary to the functioning of Japan's war machine."

The consumers' boycott in particular was urged by Maxwell Stewart as a new technique and effective weapon for checking war which the common people have discovered in their hands for the first time in history. As in the editorial columns of his magazine, Mr. Stewart told his preponderantly feminine audience which gathered in the Hotel Astor that the boycott in this country should be directed primarily against Japanese silk. If this and all other purchases from Japan can be effectively stopped, he said, Japan will have no way of obtaining the foreign exchange necessary to supply herself with the sinews of war and the Japanese war machine would soon be stalled for lack of supplies.

While the proponents of collective security would wish to see the American government adopt more concrete steps with other peace-loving nations of the world to curb Japan, George Soule, speaking for the neutrality view, attacked even more strongly the present policy adopted by President Roosevelt and the State Department vis-a-vis the Sino-Japanese conflict. Opposed to the views of the other speakers, Mr. Soule believed it "unlikely that the Western powers could give positive aid to China without engaging in a war against Japan." "The conclusion," as it seemed to him, "is that collective action cannot stop Japan without a very great probability of precipitating a world war, which would be far more calamitous than what is now happening in Asia." The editor of *The New Republic* then called for a formal application of the Neutrality Act to the Chinese situation. He was supported in this stand by David H. Popper of the Foreign Policy Association staff, another contributor to the symposium.

In calling for larger naval armament for the United States, Admiral Stirling was one speaker whose program for American foreign policy lies closest to that of the present administration as it ponders new naval appropriations to match Japan's naval building.

Admiral Stirling warned that "the menace of war might approach because of war-mad nations mistaking our patient diplomacy for symptoms of national cowardice and refuse to estimate how far they can carry their truculent attitude before the people of this country decide to retaliate."

"In no part of the world are military and naval strength held in greater honor than in the Orient," said the former commander of the United States Yangtze River Patrol. "If our fleet at the time had been known to be sufficiently strong to enter the Oriental area and there win command of the sea from Japan, the Panay would never have been bombed nor the faces of our diplomats slapped by Japanese soldiers."

The retired naval officer declared that though the United States can be expected to make every effort to maintain peace in the Pacific, yet should war come "it would find us in the unenviable position where a victory was next to impossible." Admiral Stirling then said that a war probably would be averted if the American naval leader in the Orient should be given "overwhelming strength" which he explained to be "a navy at least twice the size of Japan's in all categories, including air forces." On basis of what Japan has built and is at present building, Admiral Stirling gave the following figures as what he meant by a navy twice that of Japan:

		(Lacking of this number)
Capital Ships	24	8
Aircraft Carriers	12	6
Heavy cruisers	24	6
Light cruisers	60	41
Destroyers (modern)	176	92
Submarines (modern)	90	54

Admiral Stirling estimated the bill for this as two and a half billion dollars, but he said the price would seem insignificant if it will avert a war in the Pacific, or if it will give assurance of victory in the event a war should come. In answer to a question from the floor as to whether the money might not better be spent for relief of the unemployed at home, Admiral Stirling declared that he thought the United States rich enough to undertake the program outlined.

The discussion meeting was presided over by James G. MacDonald, honorary chairman of the Foreign Policy Association and an editor of *The New York Times*. Mr. MacDonald, who had served as League of Nations high commissioner of refugees after the World War, is noted as an advocate of international cooperation for peace.

The Foreign Policy Association recently added to the flood of literature on the Far Eastern conflict with the latest of its "Headline Books," entitled "War in China." The volume, prepared by Varian Fry under the supervision of F.P.A.'s Department of Popular Education, presents a lucid account of Sino-Japanese relations with the aid of excellent maps and charts. The book poses three alternatives wherein America's choice seems to lie: collective action, the method of "peaceful change," and isolation. Any one of these, the author concludes, seems to make more sense than Washington's present Far Eastern policy, which is produced by "an intermittent tug-of-war between the President and the State Department on one side and a majority of Senators and Congressmen, backed by a good proportion of the voters, on the other."

New York City, February 8, 1938.

Germany Sends Red Cross Supplies to China

A consignment of first aid equipment made up by the German Red Cross in response to an appeal made by the Chinese Government will arrive in Hongkong by the north German Lloyd steamer "Scharnhorst" in a few days time, according to reports received in Berlin March 9.

The equipment will then be placed at the disposal of the Chinese Red Cross for distribution among the territories most in need. For carrying out this plan, two German doctors, one of whom is the son of the German Ambassador in Hankow, Doctor Trautmann, and two first-aid assistants have been sent by the government.

This gift which amounts to a gross weight of 200 tons is intended primarily to satisfy the needs of the civil population as far as suffering from epidemics is concerned. For this reason the consignment consists chiefly of pharmaceutical preparations used against tropical diseases, such as malaria, amoeba dysentery and vaccines against cholera, pest and typhus. Besides these the consignment contains bandage material, surgical instruments and other medical equipment.

The German Red Cross hopes by this means to make an essential contribution towards the alleviating of the suffering of the Chinese people from epidemic diseases.

S. M. C. Budget for 1938 Submitted

The effects of the emergency of the last half of 1937 on the financial condition of the Shanghai Municipal Council were outlined by the Treasurer and Controller at a meeting of the Finance Committee on March 7, when the budget for 1938 "and his report thereon" were submitted.

Ordinary Income and Expenditure

The Treasurer & Controller stated that the estimated Ordinary Expenditure for 1938 covering all Departments and Services under the General Section of the Budget amounted to $22,757,330, and Education requirements were represented by a sum of $1,921,130. The total estimated Ordinary Expenditure under General and Education, therefore, amounted to $24,678,460, a reduction of $1,528,840 as compared with the corresponding figures for 1937.

The estimated Ordinary Income from all sources during 1938 amounted to $22,026,680, which was $1,824,130 less than the comparative figure for 1937.

The shortage on the Ordinary Budget, i.e. the difference between Income of $22,026,680 and expenditure of $24,678,460, amounted to $2,651,780, and it was proposed to carry this adverse balance to Extraordinary Accountant pending liquidation through future Ordinary Budgets or by other financing measures.

Extraordinary Income and Expenditure

Extraordinary Income was estimated at $14,591,300 as compared with $24,388,000 for the previous year. Provision was included for the transfer from Loan Suspense Account of an amount of $2,500,000, as cover for the estimated deficit on the Ordinary Budget for 1938. Sales of Surplus Land were allowed for at $100,000 and Miscellaneous Receipts at $20,000. The amount required for transfer to the Extraordinary Budget—Education was inserted at $28,700, which was $34,910 less than the corresponding figure for 1937. The amount to be raised by debentures or other temporary measure was included at $12,000,000, as compared with $12,500,000 authorized for 1937.

The classified list of items recommended for inclusion by various Committees concerned were contained in the Draft Budget, and showed a total estimated Extraordinary Expenditure of $14,484,910. A sum of $379,000 was provided for the Annual Sinking Fund Instalment in respect to the Loan of 1926, and an appropriation had been inserted for repayment of temporary borrowings. Provision was also included for the Capital requirements of the Pension Fund, for the transfer of the deficit on the Ordinary Budget, and for estimated requirements under Emergency Measures.

The deficit carried forward from 1937 was $6,613,300, as compared with $4,379,400 from 1936.

As a result of the foregoing measures, the Estimates of Extraordinary Income and Expenditure showed a final surplus of $106,390.

Financial Results for 1937

The accounts for 1937 disclosed a total deficit under Ordinary Budget of $2,357,328.56, made up as to $2,174,768.65 under "General" and $182,559.91 under "Education." This amount of $2,357,328.56 compared with an estimated deficit of $1,245,220 which was arrived at after allowing for the carrying forward into 1937 of the deficit of $738,720 from the preceding year, and for a transfer of $1,850,000 from General Reserve. Without these transactions the net deficit on 1937 account would have amounted to approximately $3,468,610.

The deficit referred to above was attributable to the loss of revenue occasioned by the emergency and it was proposed to carry the adverse balance to a special account under Extraordinary Expenditure, pending liquidation in due course through future Ordinary Budgets or by other financing measures. It was proposed to earmark a sufficient proportion of Reserve Funds to cover this contingency.

The Chairman congratulated the Treasurer & Controller on the Budget which had been submitted. Asked how the actual expenditure for 1937 compared with the estimated expenditure, the Treasurer & Controller informed members that the shortage on estimated Income in 1937 was approximately 19 lakhs and the decrease on estimated expenditure in 1937 was $1,032,000. There was a deficit in the Education Budget of $182,000. This deficit was entirely attributable to the fact that whilst the schools were closed and fees were lacking overhead charges continued.

The Treasurer & Controller informed members that the effective Budget deficit for 1937 was approximately $2,350,000 and that for the current year it is estimated at approximately $2,650,000, i.e., a difference of no more than $300,000.

Members of the Finance Committee unanimously recommended that the Budget for 1938, as submitted by the Treasurer & Controller, be adopted.

The Council on March 9 adopted the recommendation of the Committee.

S.M.C. Taxation—1938

The proposed schedule of rates, taxes, dues and fees for 1938 was submitted to a meeting of the Finance Committee on March 7. In this connection the Treasurer & Controller reported that no reference had been made in the proposed schedule to the imposition of a 10% surcharge on all licence and permit fees, such as had been in operation in the French Concession since January 1, 1938. He observed that this question received consideration by the Finance Committee at its meeting on December 24, 1937, when it was recommended that the surtax could not legally be imposed until the authority of the Ratepayers had first been obtained.

It was estimated that the yield from this measure for the half year ending December 31, 1938, would be in the neighbourhood of $111,000.

The Treasurer & Controller stated that he had made no recommendation on this subject at the present time. He had submitted one in December last. The Chairman stated that the Council previously reached the conclusion reluctantly that it had no legal authority to impose this surtax without the approval of the Ratepayers. He now proposed that they recommend to the Council that it be proposed to the Ratepayers that they retain existing fees and apply a special surcharge of 10% thereon with effect from July 1. This would make it clear that it was a temporary imposition to aid the Council in coping with the financial position resulting from the present emergency.

Members agreed and it was recommended:

(*a*) that the Schedule of Rates, Taxes, Dues and Fees for 1938, as submitted by the Treasurer & Controller, be adopted.

(*b*) that with effect from July 1, 1938, a surcharge of 10% be made on all licence and permit fees.

The Council on March 9 endorsed the recommendation of the Finance Committee.

Japan Vs. China

(*Dixon, Illinois Evening Telegraph*)

An official representative of the Imperial Japanese government addressed a group of Dixon people in this city the other evening and his talk was apparently an attempt to justify Japan's cruel, bloody and unprovoked attack upon the unwarlike, unprepared and comparatively helpless Chinese.

"We are not fighting a war against the Chinese people" says this spokesman of Japan. "We are waging a punitive campaign against the truculent Nanking government." Well, if they are not fighting the Chinese people why are their swarms of bombing planes raining death and destruction on unfortified Chinese towns and villages, killing and maiming untold thousands of innocent, terrified non-combatant Chinese men, women and children?

A punitive campaign has the purpose of punishment and if punishment is deserved one must infer that China has done something to be punished for. So far as we can understand the only crime China has committed is that of having tillable land and natural resources that Japan covets for her own people but which is none too much for the teeming millions of Chinese who happen to need this land and these resources for their own sustenance.

The Japanese official says that the war must continue because without the resources in China which Japan needs the Island Empire must starve to death. That would indeed be a sad fate for the Japanese, but the alternative now in the process of being worked out by the Japanese seems to be equally tough on the Chinese.

The "incidents" used by Japan as an excuse for the outbreak of the present conflict are suspiciously regarded as having been artificially prepared by the Japanese as a part of their long anticipated program of military and commercial dominance of the Chinese republic. Since 1931 Japan has seized over 600,000 square miles of Chinese territory with no other justification than greed for their neighbor's rich lands.

A rising tide of Communism in China is another excuse offered by Japan for her war. But if they feel they must battle Communism in a big way why do they not attack it at its source? Russia, the fountainhead, is right there handy.

We can see no reason why the United States should become involved in war with Japan, but it is difficult to work up any sympathy with the Japanese for their plans to subjugate the great Chinese nation for their own benefit regardless of Chinese life, liberty and property. A victorious Japan will mean a Nippon ruling all of Asia, with a tremendous and perhaps in time to come, an uncontrollable power in world affairs.

New Dalai Lama Found

The reincarnation of the Dalai Lama has been discovered in the person of a 4-year-old boy at an unnamed place in Chinghai province, on the northeast border of Tibet, according to the Chungking press March 11. It is reported that the Tibetans are making plans to welcome the new Lama at a cost of $60,000.

Who's Who in China

S. Y. Wu, Government official; born in K'aiping, Kwangtung, 1892; educated in Canada and the United States; pursued special studies in commerce and economics at Oregon State College; returned to China, 1914; dean of Kwangtung Government Law College, 1914-16; secretary of National Assembly, 1917-20; chief secretary of Canton Municipality, 1921-23; director of Bureau of Navigation, and concurrently acting Commissioner of Reconstruction, Canton, 1924-27; Director-General of Posts and Navigation, Ministry of Communications, 1927-28; Director-General of Wine and Tobacco Administration, Ministry of Finance, 1928; toured Europe, America, Egypt, Palestine, Syria, and Turkey, making special studies and investigation on land problem, etc., 1928-29; member of Legislative Yuan, since 1929, and concurrently chairman of Economic Committee of the Yuan, since 1933; Director of Central Land Administration, 1930-31; appointed Political Vice-Minister of Finance and Political Vice-Minister of Interior, 1931; drafter of the Land Law of the Republic of China; author of "Land Problem and the Land Law" in Chinese, published by the Commercial Press, Shanghai; address: Legislative Yuan, Chungking, Szechwan.

吳尚鷹號一飛
Wu Shang-yin

王祖祥
T. Hsiang Wang
(Wang Tsu-Hsiang)

T. Hsiang Wang, M.D., C.P.H.; born at Kiashing, Chekiang, 1897; graduate of Peiyang Medical College, Tientsin; studied Public Health at Johns Hopkins University, U.S.A.; has served as Director of College of Salt Affairs; Delegate of China to the World Psychological Hygiene Congress; Division Chief and Technical Expert of Board of Health then of the National Health Administration; and Director of Municipal Health Administration, Nanking; address: National Health Administration, Chungking, Szechwan.

Pawley Thinks China Can Fight Japan Almost Indefinitely

William D. Pawley, long a resident of China, but now visiting at his home at Miami Beach, Florida, where his family resides, is of the opinion that China can resist Japan "almost indefinitely," according to an interview published in the *Miami Herald*. Mr. Pawley, who is interested in aviation, declared that China's progress had been tremendous in the past 10 years, particularly in the fields of road construction, industries and development of schools and hospitals. Mr. Pawley said, "It was this progress that Japan feared, and which caused her to invade China, which Japan believed might become dominant in the Far East unless driven back. He said that China "was used to invasion, and would win out in the end."

Japanese Police Advisers for North China Government

A group of Japanese police officials departed for Peiping on March 14 where they will assist the Provisional Government to establish and train an efficient police system. The Japanese experts include, Masumi Mizobuchi, instructor of the Police Training Institute of the Home Office; Yutaka Yamashita, inspector of the Metropolitan Police Board; Minoru Shinoda, chief of the criminal Affairs Section of the Kyoto Prefectural Government. A number of assistants and secretaries accompanied the party.

AMERICANS ON THE MILITARY AND DIPLOMATIC FRONTS

Two American Officials who have made recent notable achievements on the military and diplomatic fronts of the China situation—*Left*, Capt. Evans F. Carlson, Assistant Naval Attache, who was the first American official to visit the Eighth Route, or Chinese Red Army, in Shensi and Shansi. After traveling 10 weeks in territory controlled by the Red Army, Capt. Carlson returned to Hankow—after walking 800 miles and riding 200 more miles on horses and trucks—and reported that while the Japanese hold the railways, their military situation is precarious because the Chinese still hold the countryside and constantly menace the Japanese lines of communication. After serving as Intelligence Officer with the U. S. Marines here, Capt. Carlson returned to the United States and prior to coming back to China was in command of a special Marine contingent at Warm Springs where President Roosevelt spent his holidays.

***Right* is John M. Allison of Holton, Kansas, who is in charge of the U.S. Embassy at Nanking. Mr. Allison was the first American diplomatic official to return to Nanking after the Japanese occupation and in this connection performed a useful function in acquainting the U. S. Government and people with conditions prevailing in that city. It was while performing his duties in this connection that Mr. Allison was assaulted—slapped—by a Japanese sentry. The action of the Japanese sentry had repercussions in the United States almost equal to that of the bombing of the U. S. S. Panay.**

Municipal Elections Next Month May Be Uncontested

Unless the Japanese enter more than two candidates in the field, the municipal election early next month for the posts of councillors on the Shanghai Municipal Council may, for the second consecutive time, go uncontested.

In view of the fact that the number of ratepayers among the Japanese civilians in Shanghai is still below normal, foreign observers are of the opinion that the Nipponese community will, most likely, follow the established rule and enter but two candidates.

Of course, there still is time for a foreigner of any nationality, who is a *bona fide* ratepayer, to obtain a nomination but in view of existing political conditions, it is generally believed that the nominations will follow the usual pattern, namely two Americans and two British.

The two Americans scheduled to run, Messrs. Cornell S. Franklin and W. H. Plant, were nominated March 10. Mr. Franklin was nominated by Mr. S. T. Bitting, of the National City Bank of New York, and his nomination was seconded by Mr. P. H. Bordwell, of the Robert Dollar Company.

Mr. Plant was nominated by Mr. A. C. Cornish, of the Standard-Vacuum Oil Company and his nomination was seconded by Mr. N. E. Lurton, Vice-President of the Navy Y.M.C.A.

Messrs. Franklin and Plant, both of whom are members of the Council at the present time, are the unanimous choice of the American Community. Their's were the only two nominations received by the American Community Committee, thereby making it unnecessary to hold a community primary election.

Elections for the General Committee of the American Community Committee also will be held in April but during the latter part of the month. The following names for election have been chosen:

Messrs. W. A. Adams, N. F. Allman, P. M. Anderson, P. H. Bordwell, C. S. Franklin, Mrs. I. E. C. Hunter, Mr. Wilbur Judd, Dr. Carleton Lacy, Dr. J. C. McCracken, Messrs. R. T. McDonnell, G. M. Neal, C. W. Pettit, J. S. Pott, W. H. Putnam, D. C. Reib, Bishop W. F. Roberts and E. G. Zacharias.

Men and Events

Fr. J. Verdier, member of the Jesuit Order, has been elected Land Commissioner in the French Concession for the coming year.

Miss Murial Lester, well known British lecturer and publicist, spoke at the foreign Y.M.C.A. last week on the subject, "Essential Values of Life."

The British Seaforth Highlanders are scheduled to arrive in Shanghai shortly to take the place of the Loyal Regiment which will sail for Singapore on March 27. The Seaforth Highlanders are now stationed in Hongkong.

Japanese Finance Minister Kaya, stated in the course of an address before the budget committee of the lower house, according to *Asahi* (March 3) that Japan's extraordinary war expenditures now amount to Yen 400,000,000 a month.

I. Spilwanek, Counsellor of the Soviet Embassy and concurrently Consul-General for the U.S.S.R. in Shanghai, arrived here from Peiping last week and plans to remain here for a few days after which he will return to the North.

A dispatch from Siam, through the *Kuomin* service on March 10, stated that 22 Chinese had been arrested in Siam for engaging in "patriotic activities." The Chinese authorities claimed they were promoting a boycott of Japanese goods, but the Siamese authorities charged them with "communistic" activities.

George Atcheson, Jr., Second Secretary of the American Embassy who returned to Nanking last week, after several weeks in the Philippines recuperating from wounds received in the Panay bombing, will shortly be transferred to Hankow where he will serve as Acting Consul-General.

The body of the late Yung Chung-ching, Wusih cotton mill magnate, who died in Hongkong, was brought to Shanghai last week. Mr. Yung's death, which occurred on Feb. 10, was due to pneumonia. Members of his family are now making arrangements for the funeral which will be held at the residence on Seymour Road.

Rear-Admiral David E. Le Breton, former Chief-of-Staff of the U. S. Asiatic Fleet, has been appointed Commander of the U. S. Yangtse Patrol in succession to Rear-Admiral Edward J. Marquart, who has returned to Washington, traveling by way of Hongkong and Manila.

The Shanghai Municipal Council voted to purchase at a cost of $225, a complete set of photo facsimile reprints of the first series of *Szu Fu Tsung Kan*, containing 11 volumes, the originals of which date back to the years 1368-960 A. D. The work includes classical, historical, philosophical and literary treasures.

Officials of the U. S. Consulate-General at Shanghai, stated they had not received any information regarding a report, which had been published by a Japanese news service, that Frank P. Lockhart, Counsellor of the Embassy in Peiping, would be transferred to Shanghai to serve as Consul-General upon the departure of Consul-General Gauss for the United States on home leave on May 1.

Alexander I. Scherbakoff, 47-year old Soviet citizen, proprietor of a woolen piecegoods firm, committed suicide by shooting himself through the head, according to the verdict of the Coroner's inquest. Several letters addressed to friends, which he left indicated that the action was premeditated. He had resided at the Foreign Y.M.C.A. for several years and was well known. He had no financial worries, according to his friends.

Mr. and Mrs. Jean Pierre Dubose are scheduled to arrive in China shortly where Mr. Dubose will be connected with the French Embassy, either in Shanghai, Nanking or Hankow. The trip to China will be in the nature of a honeymoon for Mr. and Mrs. Dubose were married last December. They are now traveling in the United States. Mr. Dubose is well known as an art collector.

Foreign press associations in Shanghai were "invited" to send copies of their reports to the Japanese censorship office in Shanghai, prior to delivery to the local Chinese papers. The press services receiving the "invitation," included, *United Press*, *Reuters*, *Trans-Ocean* (German), *Havas*, *Tass* (Russian) and *Kuomin* (Chinese) service in English. It was reported that all of the services refused to submit their reports.

Tokyo has begun the construction of underground bomb-proofs for use in case of air-raids, according to the March 2 *Asahi*. A survey also disclosed that 138 buildings contain steel reinforced concrete and in consequence would serve as protection. The authorities were also taking steps to see that large tanks filled with water and equipped with fire extinguishers were established throughout the city.

The *Asahi Shimbun* reported on March 3 that the Bureau of Imperial Cuisine, responsible for the supply of food for His Majesty, The Emperor's table, was making a study of the menus served at homes in out-of-the-way villages in the hope of finding delicacies that would add variety to the Imperial Menu. It was stated that when the Emperor had attended the annual military maneuvers he had enjoyed the food served him in the smaller villages. Tokuzo Akiyama, chief chef at the Palace, who plans to devote six months to a study of native menus in the Tohoku district, expressed the belief that the Emperor had been eating too much European and American food lately.

George A. Flynn has been appointed District Manager of the Shanghai District of the Texas Company, China, Ltd.

A group of German doctors arrived in Tokyo on March 15 to attend a conference of the Japanese Medical Institute, scheduled to open its sessions on April 3.

Mrs. Anna Waung, Ph. D., spoke before the Chinese Women's Club at the Park Hotel on Monday of this week, her subject being "Chinese Women in the Northwestern Provinces."

Victor Kenn, correspondent for the New York *Herald-Tribune*, is in Hankow. Randall Gould, Editor of the Shanghai *Evening Post*, who has been in Hankow, is now in Hongkong.

Dr. George Sellett, American Attorney of Shanghai, who has been in New York for several months, is now in Hongkong and will return to Shanghai shortly. Dr. Sellett traveled to America and returned on the Trans-Pacific Clipper plane.

A large number of guests attended a cocktail party given by Hallett Abend, correspondent for the *New York Times* on Tuesday of this week, in honor of Mr. Abend's mother Mrs. Kittie Bradbury, who is visiting in Shanghai.

A correspondent, writing from Sutsien, Kiangsu, in the *North-China Daily News* (March 9) stated, "All in all, the present prospect is perhaps the darkest in the memory of living man. As for the masses of the farming population, there is nothing they can do except to hold on as best they can, and hope and pray for a better day."

Loretta Snite, sister of Fred Snite of "iron lung" fame, was married on Feb. 8 to Terence J. Dillon, Jr., of Hudson, Mich. The couple will go to Europe on a honeymoon trip before going to Chicago to live. Fred Snite, who is still encased in his bulky iron mechanical respirator, could not attend the wedding which was held in St. Patrick's church, Miami, Fla.

Karl von Wiegand, correspondent for Hearst's *International News Service*, who arrived in Shanghai sometime ago for the purpose of writing a series of articles, has been ill at the Park Hotel almost continuously since his arrival. In case his health improves, he plans to proceed to Japan this week, but will return here later.

Chinese laborers at Hongkong refused to assist in repairing the Japanese ship *Asama Maru*, which was stranded at the entrance to the Hongkong harbor for several months and was refloated on March 11. As it was necessary to remove most of the machinery from the ship in order to refloat it, the Japanese plan to tow it to Kobe for repairs.

The Shanghai Troop of Boy Scouts of America, now has 24 scouts according to Lieut. H. Nickerson, of the U. S. Marine Corps who is Scoutmaster of the troop. In addition to the Scout Troop there are 30 boys in the Cub Troop, which is made up of three sections, Wolf Patrol for boys of 9 years; Bear Patrol for boys of 10; and Lion Patrol for boys of 11 years. The Scout House is located on the grounds of Community Church, 53 Ave. Petain.

Two Chinese servants, Wong Ming-pao and Chee Hwei-ue, employed in the barracks of the U. S. Marine Corps, were convicted of stealing $180 worth of clothing and supplies which they sold. One of the boys told the judge in the First Special District Court that it was easy to steal from the Marines "because they always left their things lying around . . . . I borrowed the things and sold them to second-hand dealers."

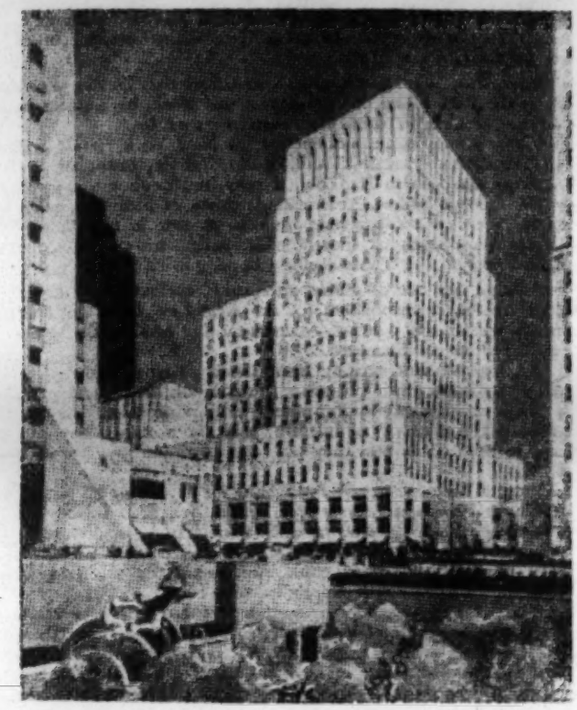
John Stauffer Potter of the Asia Realty Company was host at a cocktail party on Tuesday, March 15, given in honor of Mrs. Potter, who has just returned to Shanghai after an extended visit at her home in Los Angeles. While at home, Mrs. Potter (formerly Edna Lee Booker) wrote a number of articles on China subjects for the *Cosmopolitan* and also wrote a book which is to be published shortly. Mrs. Potter is collecting material for further articles dealing with both China and Japan.

Miss Frances Roots, daughter of Bishop Logan Roots of Hankow, and a graduate of Mount Holyoke College, recently visited the red areas of Shansi and interviewed Chu Teh at the temporary red capital Linfeng. Miss Roots said she had observed Chinese red soldiers attending a Catholic church service and praying for a Chinese victory over Japan. Miss Roots was accompanied on the trip by John Foster, Yale graduate who is connected with the Hankow International Red Corss Committee and Deaconess Julia Clark of Pasadena, Cal.

Mrs. V. Park Woods, formerly a resident of Shanghai, spoke before the Joplin, Mo., branch of American Association of University Women, on Feb. 25 on the subject, "China Becomes the Teacher of an Awakening West." She said that China's resistance to Japan's aggression had won the admiration of the world and in consequence the West has been awakened to the fact that what happens across the Pacific can vitally concern not only America but England and Europe as well. Dr. Woods, formerly a dentist in Shanghai, is now practicing in Joplin.

Sir Archibald Clark Kerr, newly appointed British Ambassador to China, has again postponed his departure for Hankow and Chungking where he is scheduled to make official calls on Chinese officials and present his credentials. He had originally planned to depart on March 15 but it was stated that difficulty was experienced in chartering a plane at Hongkong, so that trip was postponed. It was then planned to travel by the regular train from Hongkong to Hankow on March 25, but that was given up. The latest announcement was that the Ambassador and party would depart "before the end of the month."

NEW HOME FOR ASSOCIATED PRESS



The *Associated Press of America*, largest cooperative news gathering organization, has started construction of the new building pictured herewith, which will serve as headquarters for the organization.

The building will be located at Rockefeller Center, New York and will be modern in every respect, and will be 15 stories in height. The four floors occupied by the *Associated Press* will be designed in special manner to facilitate the various phases of news activities handled by the organization, including press news, news photos, feature and supplemental services which go to 1,400 newspaper members. There also will be a printing department.

The construction contract has been awarded to the firm of Hegeman-Harris who built RCA, Harvard School of Business Administration and the New York *Daily News*. The building will be completed this fall.

Japanese Copying of British Designs Claimed in House of Commons

Reproduction of British designs by Japanese firms in a misleading manner formed the subject of a question in the House of Commons March 8.

Mr. Ellis Smith, Labor M.P. for Stoke-on-Trent, asked the President of the Board of Trade, Mr. Oliver Stanley, whether he was aware of the reproduction of British designs and products by Japanese firms, and that in some cases these products are stamped in such a manner that they give the impression of being manufactured in Great Britain.

Mr. Smith further demanded what steps have been taken or are contemplated in dealing with the matter.

Referring to China and earthenware products, Mr. Smith specified that these are copied by Japanese firms stamped in a misleading manner, and imported into New Zealand.

Mr. R. S. Hudson, Secretary to the Department of Overseas Trade, stated in reply that protests have been made from time to time to Japan, and other governments against various attempts to pass off foreign goods as being of British manufacture by the use of false marks, labels, and other methods.

"Cases of this kind, if details are brought to my notice, will continue to receive my careful attention," Mr. Hudson added. "On the other hand, it is up to the owners to protect their designs and trade marks by registering them in the countries in which protection is desired, and by taking legal action against infringements of their rights.

"Owners of any designs in the United Kingdom or New Zealand," he continued, "have legal remedies against the sale there of goods bearing designs which infringe upon their copyright, and in both countries to import any goods bearing marks calculated to deceive as to their origin is prohibited."

New Books of Interest in the Far East

Menace of Syphilis

Ten Million Americans Have it! By S. William Becker, M. D. J. B. Lippincott Company, Philadelphia. 220 pages, illustrations. U.S.$1.35.

"Ten Million Americans Have It!" is a book on syphilis for the general reader, written by Dr. S. W. Becker, professor of syphilology in the University of Chicago, as a part of the campaign at present going on in America to acquaint everyone with knowledge of the disease so that all affiliated with it may be given treatment.

The book treats the disease as a national public health problem, not as the mark of one who has overstepped the bounds of society. It is a disease second only to nutrition as the most important health problem in the United States, its cause is known; there are methods of diagnosis and treatment; yet it remains the great plague of the country.

The author points out a great many false beliefs about the disease, such as contraction only through sexual exposure; a severe rash at an early stage warns the victim of the presence of syphilis; persons with syphilis are highly infectious; that a man with the disease can directly infect his offspring before birth; that the disease is not curable, and that the blood test for syphilis is infallible. He then explains, by example, chart, and research information how many of these false notions are responsible for the fact that fully five million Americans who have syphilis are unaware of it until in the later stages.

A very interesting account of the historical spread of the disease to the different countries of the world is given, the infinitesimal protozoa Spirochaetz pallida being no respecter of persons, once it gets a hold on the body of an individual. "A drinking glass, a smoker's pipe, a blowpipe, the mouthpiece of a musical instrument, a dental or a medical instrument, a douche tip or any other such appliance or object may provide a site favorable for the existence of the germ for a few hours."

There seems to be no special resistance to the disease, every one being susceptible. The disease is acquired by direct infection or by maternal transmission. About ninety per cent of the initial lesions are genital and ten per cent extra-genital in cases discovered by doctors, but it is estimated at least fifty per cent of syphilitic infections go undetected.

The hazards of "early" syphilis, that is, diagnosis soon after infection are greater than "late" syphilis, when the blame is generally put on some other organ of the body rather than the infected blood stream. Dr. Becker deals at length with the methods of diagnosis, treatment and cure. He makes a stirring appeal to all people to war against the spread of the disease, and to awaken to the fact syphilis is a public health menace. Widespread popular education is proposed, with diagnostic and treatment facilities available for every infected individual, assistance in caring for those who cannot afford the treatment, and persuading families of infected persons to be examined.

The book should be of interest to every person in China, too, since syphilis has such a hold here. More than one foreign doctor in China has contracted the disease when treating or operating on Chinese patients who were unaware they had syphilis. A Chinese physician in Szechwan province told the reviewer five years ago that three out of five of his patients had syphilis, and he was of the opinion such a high rate would be found all over China. Such being the case, "Ten Million Americans Have It!" should be read by all English-reading people in China, especially Shanghai, where so many hundreds of "specialists in venereal diseases" reside.

M. V.

A Very Old Story

The Old Story in Tsin, by Dr. W. Y. Wu. The Christopher Publishing House, Boston, Massachusetts. U.S. $1.25. 90 pages.

The Old Story in Tsin or a Portrayal of China's Struggle for Freedom and Reform, is written by Dr. W. Y. Wu, "an American citizen who spent many years in Asia and came intimately into contact with the conditions described in this remarkable book." The author takes us to North China at the close of the Boxer Uprising, deals with the Russo-Japanese War, the Chinese revolution and Dr. Sun Yat-sen, and a final ending of an inspired vision to get rid of foot-binding.

Evidently Dr. Wu is calling upon his memory of the stirring days of his residence in China to give an explanation of the present struggle between China and Japan. People abroad will be interested in his fanciful story, but people living in China will not regard it as timely or important, for they are living in too close contact with the present and have little interest in the old retold in different words.

Egyptian Population Pressure

The Population Problem in Egypt, by Wendell Creland. Printed in U.S.A. by Science Press Printing Co.

So many countries are worried about the problem of population, and there have been so many theories of "cures," the reviewer began this little book with a considerable degree of indifference. After three paragraphs the indifference changed, so that the entire book was read at one sitting, and parts have been gone over three and four times.

We in China are often inclined to think there is poverty, ill-health and misery in China; and we take it as a matter of course that there should be such in India. But when it comes to Egypt, which we have visited in Winter, to avoid the cold rain and snow of northern Europe, we took for granted the majority of the people were similar to the well-educated Egyptians we met who were so much at home in polished French.

When Mr. Creland, who has been twenty years at the American University in Cairo, begins to tell us of the pitiable state of the majority of the 15 million Egyptians, he does it in a most impressive way. He uses government statistics from different censuses, from health reports, financial reports, observations carried on by his university, to show us there are but two classes of people in Egypt: the rich and the poor.

A review of what modern historians know about numbers in ancient Egypt is followed by a statement of sources of the study, chapters on density, fertility, mortality, climate, diet, national health, irrigation and over-population.

M. V.

Viewpoints on the Sino-Japanese Conflict

China Faces Japan, edited by Arthur A. Young. Chinese Students Christian Association in North America, New York. U.S. 35 cents.

A comprehensive survey and analysis of the present conflict between China and Japan is presented by sixteen writers in "China Faces Japan." The booklet has five divisions and a miscellany. Most of the articles are serious, setting forth Japan's continental policy, territorial and economic, the cultural stakes, international phases and American policy. Lin Yu-tang contributes "Captive Peiping," much lighter in touch.

Shanghai readers will be interested in the reproduction of a Sapajou cartoon of the "friendly" armed Japanese soldier knocking at the gates of Peiping. Many will also enjoy Ogden Nash's "The Japanese," which first appeared in the *Saturday Evening Post*:

How courteous is the Japanese!
He always says, "Excuse me please."
He climbs into his neighbor's garden,
And smiles and says, "I beg your pardon";
He bows and grins a friendly grin,
And calls his hungry family in;
He grins, and bows a friendly bow;
"So sorry, this *my* garden now."

A brief bibliography is included of books, pamphlets and articles on the Far East which have points of interest about the conflict. Appendices include General Chiang Kai-shek's statement of China's policy, on July 18, 1937, and the statements of the Chinese Government to the League of Nations, covering the events from July 7 to August 12, 1937.

M. V.

A Christian Reference Book

China Christian Year Book, 1936-37, published by the Christian Literature Society, Shanghai. 490 pages.

The China Christian Year Book, 1936-37, being the twentieth issue of the China "Mission" Year Book, is well up to its usual standard, despite the fact that its editor, the Rev. Frank Rawlinson, was killed by a piece of anti-aircraft shrapnel early in the Sino-Japanese conflict. It should become a "best seller" among all those interested in religious or social work, and among historians, since the work related in its pages is largely destroyed or being destroyed by the present holocaust.

Following a preface of Principal Events in China, from April, 1935 to May, 1937, by J. B. Powell, reports are made on National Life, Religious Life, Missionaries and Missions, Education, Social Work, Medical Work, and Literature. Together, they present a New China, in a picture of a tremendous program of social, economic and religious work being carried on in China during the last few years. Notable explanations are those given of national and religious movements by leaders of the same.

The list of contributors to the year book reads like a "Who's Who in Humanitarianism in China." The articles, written by people keenly interested in their subjects, can be read with profit by all, whether they are interested in, indifferent to, or opposed to the Christian movement in China. A book to own, for frequent reference today and in the days of reconstruction, when they inevitably come.

M. V.

Japanese "Admit" Dr. Gowan's "Outline of History"

After taking steps to bar from the country all copies of Dr. A. B. Scherer's new book, "Japan Defies the World," the Japanese authorities last week reversed themselves and decided to admit Dr. Herbert H. Gowan's "Outline History of Japan," which previously had been barred from the country, despite the fact Dr. Gowan is one of Japan's chief protagonists and apologists in the United States. The reason for barring Dr. Gowan's book never was disclosed. Japan's amusing reactions over Dr. Scherer's book appeared in last week's issue of *The Review*.

As a result of the Fascist wave through which Japan is now passing, a general campaign against all leftist books and ideas is in progress. Many books written years ago by eminent scholars are now being prohibited with the inevitable result that the circulation of such books has been greatly stimulated and the prices enhanced at all second-hand bookstores, according to a *Reuter* report from Tokyo on March 7.

Shanghai to Chungking

Along the Yangtsze River and stories retold, by Lucy Wheeler Newman. The Christopher Publishing House, Boston, Massachusetts 62 pages. U. S. $1.25.

Mrs. Newman gives a very brief, interesting account of a journey from Shanghai to Chungking some years ago, followed by seven folk tales she evidently heard during her childhood days in Peking. The only criticism of Mrs. Newman's book is that it is entirely too short, covering but 62 pages, which is a pity, for children and many adults will be disappointed at finding fresh, enticing appetizers end so soon. Let's hope for more "stories retold," for they have a universal appeal.

Japanese Will Cooperate With An Anti-Chinese Regime, Says Hata

The Japanese Army is ready to cooperate with a new regime in Central China, if its "basic policies" are "friendship with Japan and war on the Kuomintang and the Communist Party."

This statement was made on March 10 by Gen. Shunroku Hata, Commander-in-Chief of the Japanese Expeditionary Force in Central China, in an interview with Japanese newspapermen following a military review at the Civic Center.

"The troops participating in the review," Gen. Hata said, "have exhibited such high morale and fighting spirit that they could march to any point however remote—even Hankow."

The Army, the officer declared, is "determined to go on, no matter how long the current war may last."

Meanwhile, he said, the troops are preparing for future operations "maintaining order" in the area under Japanese occupation, and "striving to rehabilitate the wartorn districts."

"In dealing with third powers" Gen. Hata declared "we shall follow the honorable path of justice, in accordance with the Government's foreign policy."

Friction with third powers, he added, will arise only should they attempt to interfere with the Army operations. Gen. Hata said he would exercise caution in dealing with the problem of the International Settlement, in view of the complex interrelationships of foreign interests within it.

"The China incident," he went on, "has reached its second stage. Therefore, the Japanese forces must make full preparations for the coming protracted hostilities."

With the return of Gen. Iwane Matsui, his predecessor, to Tokyo, it has been assumed by many, Gen. Hata said, that Japan "may take a negative attitude to the China incident. There is no reason for a change in Japan's firm attitude, even after the change in the commanding officers," he declared.

Gen. Hata noted "the growth of popular sentiment in Central China in favor of the birth of a new administration. Such an overwhelming demand must be treated with consideration, rather than be suppressed."

Japan, he said, will pay equal attention to the situation in North and Central China, and "there is no justification for reports that the north would enjoy greater attention than this area." The keynote of Central China's rehabilitation, he declared, lies in the restoration of commerce.

Tsungming Island to Become Japanese Air Base

Tsungming island in the Yangtsze mouth near Shanghai will be converted into the biggest Japanese air base in Central China, according to the *Ta Mei Wan Pao* on March 24.

Upwards of 1,200 Japanese marines are expected to effect a formal occupation on March 17 and to start building a big airdrome immediately. Ever since the outbreak of hostilities in August last, many reports have been received here claiming that the island had been occupied by the Japanese. Actually, this has not been the case so far.

Japan Would Seize Kamchatka in "Self-Defense"

BY A RUSSIAN CORRESPONDENT

AMERICAN political and military leaders would do well to take note of the latest trend of Japanese military thought in regard to Japanese expansion on the Asiatic mainland and its possible effects on Pacific affairs as expressed in the two outstanding books, *Problems of the Defense of Japanese Territory* by Lieut.-Gen. Wada and *Japan and America* by Lieut.-Gen. Sato (in Japanese), both regarded as outstanding tacticians of the Japanese Army.

Both the authors take the view that, in the course of expansion on the Asiatic mainland, now in the course of execution, Japan will have to face the Pacific problem and to solve it in the way "predestined by Imperial Virtue." The practical way of realizing this "virtue" is said to lie in waging a successful war on the U.S.S.R., occupying its maritime provinces, especially Kamchatka, which is considered by Japan's generals as a key-point for commanding the Pacific north of the equator.

Said General Sato: "Suffice it to look at the map in order to appreciate the geographical and strategic importance of Petropavlovsk, situated near the southern extremity of Kamchatka Peninsula. If that point were occupied by the U. S. Navy it would lead to the domination of the Pacific by the United States, especially if that country succeeded in linking Asia with Alaska by the railway built under Bering Straight" which project was advanced by a group of American financiers in 1919-1920 during the Allied intervenion in Siberia. This argument leads both Generals Sato and Wada to the conclusion that, in the initial stages of war with Russia, Japanese forces should seize Kamchatka Peninsula as a preventive measure against its occupation by American forces at some distant, but highly probable, future.

The contend that Japanese expansion on the Asiatic mainland is but a minor element in the Japanese bid for supremacy in the Pacific and that the northern strategic direction, made up of the entire Siberian coast from Vladivostok to Bering Straight, including Sakhalin and Kamchatka, is the most dangerous and responsible field of operations for Japanese armed forces. In order to forestall any possible occupation of most important centres of this field by American forces in a future Japanese-American conflict and converting them into bases of operations in Japanese "home waters," it is argued that, if and when Japan comes to a clash with the Soviets, Japanese forces must speedily occupy all these centres and stay there permanently. If it is done successfully, it is argued, the task of dominating the Pacific would be nearly completed, for Kamchatka would then be converted into a base of operations for Japanese naval and air forces threatening the eastern shores of the Pacific.

The most interesting point of this argument is that, in order to wage a successful war on the U.S.S.R. and to establish "Imperial Virtue" firmly on the shores of the Pacific, Japan must occupy a few Chinese provinces (which is in process of execution since September 18, 1931), to protect the rear of the Japanese Army in that war. Having done this, Japan should it is argued—change the "front" and face the United States in the Pacific with the rear fully secured by complete dominance of the mainland—coastal provinces of China and Siberia—as a result of the two successful wars.

Japanese military leaders view with alarm the American military activities in Alaska and Unalaska, experimental flights of naval and army planes from California to Fairbanks and back and extensive naval maneuvers held repeatedly by the American fleet in Pacific waters, all of which—they say—show the American determination to seize Kamchatka in the first stage of the American-Japanese conflict, if it ever takes place. Hence the idea of "preventive" seizure of Kamchatka advocated by the named generals which, apparently, has been part and parcel of Japan's war plan with American.

It is generally recognized that, in war with Russia, the Japanese will follow one of the two plans which have been openly discussed amongst their military commentators; a method of "quick decision," by defeating the Red Army in a series of decisive battle and driving it to the west of Lake Baikal, or by a method of "limited objectives," amounting to the occupation of Russia's maritime provinces and conducting defensive operations on all other fronts in the hope that a prolonged strife would result in revolution within Russia and appearance of a government subservient to Japan.

Which of these plans will be chosen is, of course, a secret, but it goes without saying that a recent intensification of American armament may result in considerable revision of these plans, especially in the way of implementing the suggestions of Generals Wada and Sato dealing with the occupation of Kamchatka as a self-defense against American threat from the east. That the peninsula is particularly vulnerable to Japanese attacks is apparent, for it has no population worth mentioning, railways nor highways and its finest harbor, Petropavlovsk, is but within a day's run from Japanese bases in Kurilsk Islands.

Seen from this standpoint, the present attempt to subjugate China cannot be regarded otherwise than being part and parcel of a grandiose scheme of establishing Japanese hegemony in the Pacific basin, first, through "organizing" a Japanese rear on the Asiatic mainland. What Japan needs badly is tapping the natural resources of China and Eastern Siberia and once she will have an access thereto she will "turn about" to face the United States and its possible allies in a struggle for supremacy in the Pacific. Apparently the American leaders are beginning to realize that it is not mere scheming of retired generals and admirals and with a view to safeguarding American interests at least in their "own" waters have been lately paying greater attention to naval defenses which may be seen from annual exercises of the American fleet in waters close to Alaska, Unalaska and Kamchatka.

The occupation of Kamchatka would greatly facilitate operations of the Japanese Navy against a hostile fleet steaming from the east, especially if Petropavlovsk were converted into a naval and air base. Then, Japan would be able to tap the natural resources of the peninsula, too, of which sea products play an important role in Japanese economics, forming a thorny problem in Soviet-Japanese relations.

That Japan is out for hegemony over Asia and the Pacific is no longer disputed and she is pursuing this ideal stage by stage, steadfastly worthy of wonder. If she succeeds in overcoming the most difficult task—defeating Russia—America and its possible allies would be no longer dangerous, for she will then be holding a strong club to strike a modern Rip Wan Winckle trying to have a say in this part of the Pacific.

Shanghai, Feb. 12, 1938.

China Renews Protest Over German Recognition of Manchukuo

Following Germany's relpy to China's protest against the recognition of "Manchukuo," the Chinese Ambassador in Berlin has been instructed to make a further note of representations to the German Government.

In this note the Chinese Ambassador expresses the deep regret of his Government at the inability of the German Government to appreciate the stand taken by China in this matter.

Special disappointment is expressed over the fact that Germany, while affirming her desire to maintain the friendly relations subsisting between China and herself, fails to give a "sympathetic understanding" to the legal standpoint assumed by the Chinese Government.

The Chinese Government, the note goes on, finds it necessary to maintain its views as expressed in its note of February 22 and hopes that the German Government will re-examine the situation in the Far East.

The Chinese Government, the note concludes, is of the opinion that China and Germany should continue their relations in the spirit of friendliness which has characterized the past relations of the two countries.

Chinese Irregulars Raid Chefoo

A band of Chinese irregulars, estimated to be about 200 strong, coming from the South and East, made a surprise raid on Chefoo at midnight on March 12. It is reported that they made for the police stations, where they took over all the rifles they could find and then escaped. Spasmodic rifle fire was heard in various parts of the city for three hours, from midnight till 3 a.m. At 6 a.m. two Japanese airplanes appeared over the city and patrolled the southern and eastern hills. They dropped three bombs shortly before 9 a.m. A Japanese cruiser arrived here later in the morning.

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Up to January 22nd, the Shanghai International Red Cross has among other things spent $417,527.34 for caring of refugees, $109,392.38 for wounded soldiers, $59,063.69 for medical supplies, and $19,379.40 for civilian hospitals. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Beginning from January, the Shanghai International Red Cross has undertaken the responsibility of supporting some 150,000 more refugees. For this additional relief burden, no less than $450,000 are required per month.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.....as my donation to the Shanghai International Red Cross.

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J. B. POWELL—EDITOR and PUBLISHER

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